Daily Report

Latin America

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Peru

From the Government Palace in Lima, President Fujimori addresses the country live on Lima radio and TV. Fujimori reviewed his actions, "since my administration made the decision to save the national reconstruction plan initiated on 28 July 1990 from the threat of a political constitutional blockade and the increasing deterioration of certain fundamental institutions. To rebuild the country and establish the bases for its overall development it was necessary for the political system to be modernized, for democracy to be placed at the service of development and of the people. That was possible only through authentic democracy." In answer to his critics, Fujimori said, "Popular support has been solid; no one can deny that the Peruvian people have experienced personally the inefficiency and frivolity imposed on the parliament by the partocracy, as well as the corruption and extreme politization of the judicial branch." He called false charges of persecution and a plan to establish an iron dictatorship. He said, "the entire citizenry has expressed its rejection of groups that use party apparatus for their own purposes." Fujimori said, "We want a full democracy, without moving backward. I am not going to retreat by reopening the old congress and I am not going to restore the old judicial branch, which is being reorganized." He said, "those who promoted an antinational campaign to damage the project the Peruvian Government and people have been carrying out since 28 July 1990, have been neutralized." "This step, this break with the past, this pact with the future, was necessary, Fujimori said. On the subject of the constituent congress, he said, "The work of the CCD will be unique, so its members must devote themselves to the work with no political ties or commitments of any kind. For that reason I have thought, and reiterated, that the members of the congress will not be able to serve in the next two consecutive parliaments." As to foreign opinion and his vision of the future, he said, I believe that the United States, Japan, Europe, and the friendly countries participating in the support group have understood fully that we are seeking a market economy and democracy that will tune in to the waves of modernity. By no means will there be less democracy. On the contrary, there will be more democracy because Peruvians now will display their free initiative without the controls and hindrances imposed by mercantile, bureaucratizing, partisan, and undemocratic privileges. We are trying to create economic and political democracy because with an equality of opportunities the Peruvian people will have access to wealth, justice, and knowledge. We want Peru to be a country of business and free thinking."

Santa Fe de Bogota Radio reports the departure from Lima of former President Alan Garcia for Colombia.

Lima TV reports that Maximo San Roman has voiced his satisfaction with the considerable progress made toward reestablishing institutional rule, reports Lima TV. In reply to a reporter's question San Roman says "I will not participate personally in the congress or the elections," the report adds.

Nicaragua

On 31 May THE MIAMI HERALD reported the U.S. Congress "blocked" the disbursement of $100 million to Nicaragua, because Congress is "displeased" with President Chamorro, BARRICADA reports. Presidency Minister Lacayo said the "objections" of the House of Representatives had been resolved, but the Senate, in particular Senator Jesse Helms, "is still blocking the disbursement." The Nicaraguan ambassador to Washington "will investigate the details of the problem" with the Senate Foreign Relations Committee. Managua radio reports that President Chamorro has "deplored" the "possible freeze" and "blamed National Assembly President Alfredo Cesar" for THE MIAMI HERALD report.

Guatemala

Guatemala City TV reports on a news conference by President Serrano about his visit to Spain where he discussed the "possibility of resolving the old Sergusa Plan conflict." Serrano believes an agreement is "close" and that Guatemala "will benefit greatly." Serrano said Guatemala "will

have an entry into Europe's capital markets" in "approximately 60 days." Serrano also commented on "positive reports" by the media concerning Guatemala's presence in Europe. He believes they are "essential toward unblocking cooperation with Guatemala."

Honduras

Tegucigalpa TV reports that on 28 May President Callejas met with four guerrilla leaders of the Lorenzo Zelaya People's Revolutionary Forces and "signed an agreement, whereby those who have masterminded or carried out acts of violence will lay down their weapons." The agreement includes: "individual guarantees for the FPR Lorenzo Zelaya militants, respect for the guidelines contained in the recently issued Amnesty Decree, return to Honduras of members of this movement now living in exile in Mexico and Costa Rica." In addition, the Armed Forces Joint Chiefs of Staff and the "contrite former guerrillas will hold a meeting in a few days."

UK Says Recession Makes Saving Planet Costly

LD0106085192 London PRESS ASSOCIATION in English 0823 GMT 1 Jun 92

[By Chris Moncrieff and James Hardy, PRESS ASSOCIATION]

[Text] Leading industrial nations should not be expected to shoulder the vast costs of saving the planet at the height of a recession, Environment Minister David Maclean said in the Earth Summit city of Rio de Janeiro today. The 70 billion pounds sterling or so needed to save the environment was not yet available, he warned. Britain would do its utmost to meet UN targets, but there was no question of being tied to any time-scale for finding the cash, he warned on the BBC Radio 4 programme Today. His comments came amid growing doubts over the summit's prospects of success. The United States is refusing to sign a wildlife protection agreement, while Environment Secretary Michael Howard has expressed grave reservations about it. Labour immediately denounced Mr Maclean's warning as a "totally negative" attitude.

Shadow Environment Protection Minister Ann Taylor asked why the Government was spending money to send ministers—including Prime Minister John Major—and civil servants to Rio at all if it was adopting that attitude even before the summit had started. Mr Maclean said of the amount of money it was estimated would be needed to safeguard the environment: "I call the figure incredible because the Western world is in recession just now.

"If the developing world thinks that the major nations in the world in the middle of a very, very bad recession have the resources to be able to proceed quickly...to that 125 billion, then I am afraid that is just not possible.

"Nor are most nations in a position to state when they are going to be able to do it and lay down a time-scale. We have committed ourselves to trying to achieve that target as soon as possible, so have other major nations in the world, and I hope the talk at Rio will be to scale down that 125 billion because otherwise it could scare off the developed world."

Britain's record on delivering quality aid to the poor was second to none and that would continue, but progress towards the UN target would have to be dependent on economic recovery at home. Mrs Taylor said: "It is not a question of whether we can afford to save the world—it is a question of whether we can afford not to take the action necessary.

"It seems that by putting it into terms of costs, the minister is missing the whole scale of the problem. I have also heard directly from Rio that the British are unlikely to sign the bio-diversity treaty. This makes nonsense of ministers going at all. Unless they are going to deliver something there is little point in the Government spending time and money in sending ministers and civil servants there. They are back-tracking before even day one which is a very bad sign." She added: "This is the big opportunity to make some headway on these problems. If we leave it another 10 years then the scale of those problems will be much greater. "The minister's whole attitude is totally negative and makes me wonder why he has gone there at all."

Environmental groups have already condemned the Earth Summit as a giant talking shop and are staging their own parallel conference in the Brazilian city. The centrepieces of the Earth Summit will be two treaties committing signatories to fight global warming and to protect the world's plant and animal species. Under the climate change convention, developed countries are to freeze greenhouse gas emissions at 1990 levels by the year 2000. The European Community wanted the target to be mandatory, but this was dropped at the insistence of the United States, the world's largest emitter of carbon dioxide. Britain believes the summit will give the political impetus to set the ball rolling on environmental protection. Civil servants, diplomats and ministers will negotiate many other issues before heads of state and government arrive in the final days of the summit, which ends of June 14, to sign agreements and make statements.

Japan Cautious Toward Biological Diversity Treaty

OW0206035192 Tokyo KYODO in English 0326 GMT 2 Jun 92

[Text] Rio de Janeiro, June 1 KYODO—Japan, Britain, and France are taking cautious stances toward signing a treaty on preserving the world's plants, animals, and natural resources, a Japanese representative at the earth summit environmental conference said Tuesday [2 Jun].

The United States has already expressed its opposition to the pact, known as the Biological Diversity Treaty, because of objections about funding and other concerns. The treaty is regarded as one of the two principal agreements expected to be signed at the earth summit, officially called the United Nations Conference on Environment and Development.

Japanese Ambassador for Global Environmental Affairs Nobutoshi Akao said that Japan, Britain, and France fear that the industrialized nations might be obliged to shoulder too much of a financial burden under the treaty. Japan plans to clarify its stance on the treaty by early next week after closely discussing the matter with Britain and France, he said. Akao said that the treaty includes provisions that "ambiguously" mention the scope of protection programs to be funded by the industrial nations.

Of the major industrialized countries, Germany has already decided to sign the treaty, but is demanding that a declaration clarifying the interpretation of the provisions be issued before the signing of the pact.

The draft treaty was tentatively agreed upon in May by 98 nations at a UN conference in Nairobi.

Cuba

Politburo Member Views Planned Election Reform

AU0106122992 Berlin NEUES DEUTSCHLAND in German 29 May 92 p 5

[Interview with Roberto Robaina, chairman of the Cuban Communist Youth Union and member of the Politburo of the Communist Party of Cuba, by Sebastian Koehler in Bonn "during the first nationwide solidarity congress with Cuba last weekend": "In the Future Everyone May Try To Be a Candidate"]

[Text] [Koehler] What are Cuba's most pressing problems?

[Robaina] The most difficult problem is that of economic survival. We have introduced the opening of the socialist economy, but we want to continue determining the rules ourselves. However, the permanent interference of the United States, including its ideological pressure, cannot be overlooked. We oppose this by correcting our mistakes and constantly renewing our approaches. Of course, like any human achievement, our achievement is imperfect.

[Koehler] How do the young people see this?

[Robaina] Of course, they are concerned about the complicated situation. And they are supposed to get involved. More than half of our population—exactly 5.7 million Cubans—are under 30, that is, they were born after the revolution. On the one hand, this is very stimulating for society, but it is not without problems, either: Their own experiences are missing; both the achievements of the revolutions and the fact of the blockade are considered as matters of course. We have to organize much and tell them much: How much the achievements are worth; how important every individual is for what can be achieved.

[Koehler] What is the basis for your hope for the project of Cuba?

[Robaina] For instance the unrestricted granting of the most basic human right in our country—the right to simple human existence. In addition, we are confident since our primary raw material is not oil, but the courageous, skillful, and imaginative Cubans, who simply try to use bicycles or solar and hydrological energy. We also gain self-confidence from attentively observing what is happening in other countries, which have chosen the path of making concessions. In those countries some people probably wish for the life that they had in the past—even though it was not perfect.

[Koehler] What changes can be expected in the election regulations?

[Robaina] First of all, we will amend our Constitution by the end of this year; this will be discussed at the next parliamentary assembly in July so that in 1993 elections at all levels can be held with the new election law, which will be passed by the end of this year. The direct election of the respective district assemblies and of the National Assembly will probably be new. The method of putting up candidates is still disputed; probably it will be possible for all social forces (with the exception of the party, which must not put up any candidates) to make proposals to the commissions at the grass roots level, which will then be presented. It is clear that in the future everyone may try to be a candidate, regardless of his belief. Using an election booth is usual in our country anyway, in order to decide for one of the two to eight possibilities (I think that 23, for instance, is nonsense).

[Koehler] What is your opinion on the Western demand for "free presidential elections"?

[Robaina] I think that the majority of the Cubans does not want to concentrate the elections on one single person—not even on Fidel. If the elections were geared only to one person—what concentration of power that would be.... And do not forget: The demand for such elections comes mainly from the U.S. Administration—obviously, they want to teach us something even in this respect. And this is quite enough for most of our people to say: No, we will certainly not do this!

[Koehler] What kind of solidarity is most necessary?

[Robaina] Above all, we need political support; but also coordinated material help, such as, for instance, of the PDS [Party of Democratic Socialism] working group Cuba Si, which is now sending us another two containers of collected relief goods and another 40 tonnes of powdered milk for our children. By the way, I am happy about everyone who says "Cuba Si." And we will make sure that these people and others will have ever more reason to say yes to Cuba.

Havana To Undergo Electric Service Shutdowns

FL0106182892 Havana Radio Rebelde Network in Spanish 0900 GMT 1 Jun 92

[Text] The Electric Enterprise reports that as a result of Havana City's failure to comply with its electric consumption quota, during this week there will be electric service interruptions in the following order: Marianao, La Lisa, and Playa on 2 June; 10 de Octubre, Boyeros, and Arroyo Naranjo on 3 June; Plaza, Cerro, Havana Vieja, and Centro Havana on 4 June; and Cotorro, Guanabacoa, Regla, Havana del Este, and San Miguel del Padron on 5 June.

The interruptions will take place in certain sections of each municipality and in the case of 10 de Octubre, Havana Vieja, and Arroyo, they will only last two hours due to a better implementation of measures to not exceed the assigned consumption quotas. In the rest of the municipalities, the electric service shutdowns will last six hours.

Bacteriological Pesticide Plant Begins Operation

FL2905155092 Havana Radio Rebelde Network in Spanish 1155 GMT 29 May 92

[Text] Located in Guira de Melena Municipality, Havana Province, a new biological products factory, the first of its kind in Cuba, is now in the start-up phase. This factory can produce entomopathogenic bacteria that cause illnesses in insects. These bacteria are effective in controlling pests that attack cabbage, yucca, and other crops. The new biological products plant will have a beneficial effect on the food program, and its bacteria production will be enough to service 80,000 hectares of crops.

Biological pesticides have up to now been produced only at the centers for breeding entomophagous and entomopathogenic agents. These centers are quite widespread in Cuba, and their production capacity, although extremely useful to agriculture, is limited and manual.

Spanish Businessmen Visit Chamber of Commerce

FL0106223092 Havana Radio Reloj Network in Spanish 1949 GMT 1 Jun 92

[Text] A delegation of businessmen from the Chamber of Commerce of Zaragoza, Spain, is visiting Cuba and this morning held its first plenary session with representatives of the Chamber of Commerce of the Republic of Cuba and other government organizations. Chamber of Commerce Vice President Porfirio Mederos welcomed the business group, which is headed by Fernando Lozano Pardo, president of the Aragon Exporters Association and of the foreign trade commission of the Zaragoza Chamber of Industry.

Officials from Intur [National Institute of Tourism], CECE [State Committee for Economic Cooperation], the Ministry of Foreign Relations, and the Ministry of Foreign Trade participated in the plenum, which was also attended by Spanish Ambassador Gumersindo Rico and Spanish Trade Counselor (Dario Jose Saez). This week the delegation will visit businesses and centers of economic interest in the capital.

Escalona Meets Spanish United Left Visitors

FL0206014892 Havana Radio Reloj Network in Spanish 0102 GMT 2 Jun 92

[Text] Juan Escalona Reguera, the president of the National Assembly of the People's Government [ANPP], has met with Deputy Jose Luis Nunez Casal and Angel Garcia Castillejo, both of the Spanish United Left party, at the ANPP building. The visitors, who will be in Cuba until 8 June, will tour places of historical, scientific, and social interest in addition to meeting with officials of the Communist Party of Cuba, the Cuban Workers Federation, and the Foreign Ministry.

Resignation of UN Special Envoy for Cuba Viewed

FL2905160792 Havana Radio Rebelde Network in Spanish 1155 GMT 29 May 92

["Our Opinion" commentary by Orlando Contreras]

[Text] A number of international analysts in different parts of the world are today wondering why UN Secretary General Butrus Ghali took so long to make public the resignation of the special rapporteur [relator especial] for Cuba as the UN secretary general's special envoy. As necessary background information, we should recall that at the last meeting of the Human Rights Commission in Geneva in February/March of 1991, the United States succeeded in imposing on the Commission a resolution with a clearly anti-Cuban bias. Certain countries from what used to be the socialist community were accomplices to this resolution.

The secretary general, complying with the anti-Cuban resolution, appointed Colombian Rafael Rivas Posada to be his special representative to act as rapporteur. However, last 18 March this official sent the secretary general a letter resigning from that position. In his letter of resignation, Rivas tells the secretary general that, and allow me to quote: I have tried to reach your office several times by phone, and yesterday I sent a fax asking you to call me. Since we have not been able to get in touch, I do not want any more time to elapse without my informing you of my decision regarding my appointment as special rapporteur on Cuba.

Rivas Posada adds, in his letter of resignation: This decision is negative. For diverse reasons of a personal nature, I am not able to accept that appointment.

This was on 18 March. Since time passed and the UN secretary general still did not make public Mr. Rivas Posada's resignation from the position of rapporteur and special representative of the UN secretary general, Cuban UN Ambassador Ricardo Alarcon sent the secretary general a request, dated 27 April, that Rivas Posada's resignation be made public. Yesterday, one month after the Cuban request, Mr. Butrus Ghali circulated the letter of resignation.

That is a summary of the facts. The UN secretary general is performing a delicate mission mandated by the General Assembly and with the unanimous approval of the Security Council, whose five members have the privilege of vetoing the will of a majority of the Assembly or any agreement by their privileged peers. The secretary general must carry out the decisions of the General Assembly and the Security Council or the recommendations of the organizations subordinate to the General Assembly.

The high rank of secretary general is associated with impartiality, and in that sense with treatment that does not discriminate against any member country. The secretary general's duties are indissolubly linked with the achievement of international peace and security, which

is the United Nation's raison d'etre and is obviously associated with concepts of social justice and the harmonious development of all the world's peoples.

There have been, in the past, dark periods in the history of the United Nations when certain secretary generals—in my opinion, Trygve Lie and Dag Hammarskjold—abandoned that delicate obligation to be impartial and treat all member countries as equals, and more than once aligned themselves politically with the positions of the United States, in the midst of the cold war and as regards the emergence into independent life of the African colonies.

To think there could be some similarity between the abovementioned cases and the way Mr. Butrus Ghali serves as secretary general would be to fail to consider the facts sufficiently. He is a man of vast diplomatic and political experience and comes from a Third World nation several thousand years old. I will simply stick to the question that observers in different parts of the world are asking themselves: Why did it take the secretary general so long to make public the resignation of his special representative?

Central American Human Rights Violations Viewed

PA2905135892 Havana Radio Havana Cuba in Spanish 0100 GMT 28 May 92

["Our America" commentary]

[Text] When we discuss human rights violations in Latin America and want to specify where they occur most often, any reasonably well-informed person immediately thinks of Central America. This is certainly not the region of the world in which human rights are violated the most, but it does stand out among other regions with civilian governments. The deaths, disappearances, and kidnappings in El Salvador, Guatemala, and Honduras resemble situations in the southern cone nations when they were governed by military dictatorships.

In the next few days, a Salvadoran judge—with the support of humanitarian organizations—will initiate an investigation of the El Mozote massacre that took place in Morazan Department. In 1981 an Armed Forces elite battalion murdered over 1,000 men, women, and children, after accusing them of cooperating with the guerrillas. The El Mozote massacre only became public in 1990 when some of the survivors, who had taken refuge in Honduras, returned to El Salvador and reported the incident.

We could not list in this space the number of similar actions perpetrated by brutal, legal, and similar forces in Guatemala. In Guatemala, the people live in constant fear that their right to life will be violated. Although there are other incidents that are less spectacular, this does not mean they violate a person's human rights to a lesser degree.

In San Jose, Costa Rica, during the 14th General Assembly of the Commission for the Defense of Human Rights in Central America [CODEHUCA] held a few days ago, it was stated that the socioeconomic deterioration experienced by the region in the past few years violates the right to life: the principle human right. Jurist Vilma Nunez, president of the regional organization, explained that although there have been less spectacular conflicts since the end of the war in El Salvador, the situation of the dispossessed becomes more critical as time goes by as a result of the application of economic measures ordered by international financial institutions. This economic repression, stressed Vilma Nunez, derived from IMF adjustments, translates into a substantial reduction in health, food, education, and employment services. In the report presented at the 14th General Assembly of the CODEHUCA, one of the examples of economic repression concerned Nicaragua, where only 18 percent of the population in Managua can feed itself. This issue, which is vital for our communities, has been taken up at these international fora. One must take into consideration that if such inhuman economic policies continue, the quality of life in the Central American nations will drop to very dangerous levels. If one adds to this the wars that continue in some countries, such as Guatemala, the Central American isthmus will have the sad privilege of being, for many years to come, the region where human rights are violated the most in this hemisphere. In spite of all of this, the people continue to wait for measures that will take into account their right to work, feed themselves, and live in dignity. This will not [words indistinct] people's demands [words indistinct].

Haiti

Soleil Reports on Candidates for Prime Minister

FL0106141892 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 1 Jun 92

[Text] The law on the tripartite agreement which the provisional government, the Army, and the parliament had signed in the Villa d'Accueil meeting was officially published 30 May in the official newspaper of Haiti, LE MONITEUR. According to this law, Provisional President Joseph Nerette should resign once the consensus government, the unity government, takes office.

It is also said that only a comprehensive solution will put an end to the presidential vacuum [created by the resignation of Nerette]. These clauses were not included in the original agreement, which had been signed previously by the three parties at Villa d'Accueil. The original agreement just used the term appropriate moment when it referred to the date for the resignation of the provisional president. They added... [pauses] the parliamentarians, especially the socialist bloc in the Parliament, asked that these clauses be added.

The tripartite agreement also provides for a government of consensus and protection for the general public that can work for a solution to the crisis, a solution which all

parties in the country can accept. It will also work to put an end to the diplomatic isolation that the country has been experiencing since October 1991. Finally, it should have the embargo that the OAS has ordered against Haiti since October 1991 lifted.

The new prime minister should be chosen... [pauses] it is Provisional President Joseph Nerette jointly with the presidents of the two chambers of the parliament, that is the Senate and the Chamber of Deputies, who should be invited to participate in a meeting with the head of the executive on that question. [sentence as heard]

This will be done before long, according to what Senator Dejean Belizaire, the president of the Haitian parliament, told the press. Mr. Belizaire also said that the appointment of a prime minister and a government of consensus represents an important step in the history of the country, especially in the history of the crisis, and that the fact that it has been decided not to have a president in the country should facilitate the negotiations with the international community.

The two names which are most frequently mentioned now, that are most often noted when the next Haitian prime minister is discussed, are centrist Marc Bazin of the Movement for the Establishment of Democracy in Haiti and a socialist deputy, namely Pierre Duly Brutus of the National Progressive Revolutionary Party of Haiti. It is said that these people have the greatest chances to become the new Haitian prime minister. Mr. Dejean Belizaire has already denied rumors that he is candidate for the post of prime minister of Haiti.

May Be Announced 3 Jun

FL0106190092 Port-au-Prince Radio Tropic FM in French 1530 GMT 1 Jun 92

[Text] According to a government source, a choice of consensus prime minister, as outlined in the tripartite agreement, might be announced on Wednesday, 3 June. AFP has reported that the new prime minister is to be chosen jointly by [provisional] President Nerette and the presidents of the two chambers of parliament. Several names have been mentioned for this post within Haitian political circles. These names include Marc L. Bazin, leader of the Movement for the Establishment of Democracy in Haiti; Socialist Deputy Pierre Duly Brutus, member of the National Progressive Revolutionary Party of Haiti; and Hubert de Ronceray, leader of the Mobilization for National Development. In untimely statements to the press, De Ronceray openly said that he is opposed to the return to power of President Jean-Bertrand Aristide who was ousted on 30 September.

Let us recall that the law resulting from the tripartite agreement was published Saturday, 30 May, in the official newspaper, LE MONITEUR.

Unknown Persons Set Fire to Police Station

FL0206013092 Port-au-Prince Radio Metropole in French 1600 GMT 1 Jun 92

[Text] A police station in Camp-Perrin was burned on the evening of 29 to 30 May by unidentified people. The military's weapons were taken; flags were hoisted in the ruins of the station, with the words, "Freedom or Death." Duperval Frank provides further details:

[Begin Frank recording] On the evening of 29 to 30 May, about 15 unidentified men shot at and burned the Camp-Perrin police station, a commune located about 15 km north of Les Cayes. No one was injured or killed. After several gunshots at the station, however, the arsonists stole an M-1 rifle, one submachine gun, and launched three grenades which burned the station. They also took a revolver from the home of the chief of section of the area, cut all phone lines that would enable citizens of Camp-Perrin to communicate with the rest of the country. They stole a local car, and the next day, peasants found white flags with the slogans, "FR-29, Democracy or Death." One of the three soldiers in the station said: Although we tried to retaliate, they were so many and so well armed that we were powerless and miraculously escaped.

Within the framework of this incident, police arrested about ten people who are now imprisoned in Les Cayes. It is to be recalled that this is the second time in less than a month that these kinds of incidents have occured in the South Department. About eight people, men and women in Les Cayes, were arrested on 30 and 31 May. [passage omitted].

According to unverified information, those arrested were treated badly. A police source in Les Cayes denied this rumor. The same source stated that the arrests took place within the investigation of leaflets being distributed in the town. Others, such as Paul Yves Joseph, director of the Edgar Mery Numa High School, and former state counselor, is now in hiding. Police searched his home for a second time on 30 May around 1300 GMT. (Teluson Bogat), correspondent for COLLECTIF QUISQUEYA, and current OFATMA director, is still in prison.

Let us point out that the series of arrests and and those in hiding might affect the running of school activities because most of the detainees are school directors, assistant principals, and teachers in various schools in the city. [end recording]

'Wave of Repression' Follows

FL0106193792 Port-au-Prince Radio Tropic FM in French 1500 GMT 1 Jun 92

[Excerpt] [Passage omitted] Interviewed by phone, a Les Cayes official explained that following this incident, a wave of repression occurred in Camp- Perrin and Les Cayes. Many soldiers from the Les Cayes District invaded the various neighborhoods of Camp-Perrin on

30 May. The Haitian Press Agency [AHP] reports that two dumptrucks packed with people under arrest, including a teacher named Carmel Louis, was brought in 30 May.

In Les Cayes, about 30 persons have reportedly been arrested, including Frantz Gullit, the deputy mayor of the city; Antony Charles, an education department inspector, and his wife; and Remy Amazan, the deputy principal of Lycee Philippe Guerrier, a public high school. Some were allegedly transported half-naked to their detention place.

According to further reports from AHP, a group of travelers who arrived 30 May in Port-au-Prince spoke of a manhunt in Camp-Perrin and Les Cayes where many people under pursuit have been obliged to take to the bush.

Delegation Investigates Rumors of Repression

FL0106195492 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 1 Jun 92

[Report by Mirebalais correspondent Leo Guillaume]

[Excerpt] A delegation of four deputies traveled to the lower Plateau Central over the weekend to verify rumors that repressions were being waged against the peasants in the area. Leo Guillaume will give us more details from Mirebalais.

[Begin Guillaume recording] A delegation of four deputies set off to tour the lower part of Plateau Central, particularly Lascahobas and Belladere on Saturday, 30 May. The deputies, who spent two days in those localities, say the tour was a success. The delegation was comprised of Leogane Deputy Evanns Beaubrun, Camp-Perrin Deputy Pierre Simon Georges, Maissade Deputy Yves Pericles Beauge, and Belladere Deputy Edmonde Supplice.

The purpose of the visit was to see with their own eyes whether what had been revealed to them in the Chamber was accurate: that the peasants were experiencing illegal arrests, repressions, and tortures from local authorities, and that many young people are hiding in the bush.

Deputy Beaubrun reports that there were problems in Belladere. They met with local citizens, talked with military authorities, the justice of the peace, the mayor, and the parish priest of the ward; and yesterday, on 31 May, the delegation met with the entire population before leaving the city. [passage omitted] [end recording]

Police Surround High School, Arrest Students

FL0106191492 Port-au-Prince Radio Tropic FM in French 1530 GMT 1 Jun 92

[Text] The premises of Lycee Marie-Jeanne, a public high school for girls, was surrounded this morning by armed civilians and policemen in blue uniforms. The students of the high school were demonstrating against the provisional government and the decision of the Ministry of National Education to organize untimely exams in the public high schools for students of the first to fifth years of the secondary level. According to witnesses, three students were arrested.

Journalist Arrested

FL0206003292 Port-au-Prince Radio Metropole in French 1600 GMT 1 Jun 92

[Text] Journalist Hugens Voltaire was arrested today in front of the General Hospital of the State University of Haiti.

According to the Haitian Press Agency, the journalist was arrested by two armed civilians at the time he was interviewing two people injured during a police intervention this morning at a high school in the capital.

Religious Leaders Condemn Political Situation

FL0206010492 Port-au-Prince Radio Metropole in French 1600 GMT 1 Jun 92

[Text] More than 40 members of the Haitian National Conference of Religious Persons [CHR] hierarchy, meeting in plenary assembly on 28 and 29 May, have felt it necessary and urgent to express themselves on the country's situation. They have issued a common statement saying no to unconstitutionality, no to repression, no to robbery, and no to plundering.

These 40 CHR leaders, mostly representing those in charge of Catholic congregations and charities, have taken the opportunity to disapprove several acts by the legislative chambers, such as, in their opinion, the decision to invalidate the quorum, and the ratification of an agreement contrary to the wishes of the majority. To these religious leaders, the current provisional government has no constitutional basis. They state that a climate of great fear has fallen on the Haitian people and that the main targets of this terror are found mostly in poor neighborhoods, among the peasantry, and within the student population.

The CHR's opinion is that the boat people exodus is a direct result of this situation. They condemn President George Bush's decision to return the refugees to what they call a hell of repression. They ask the international community to adopt a clear, frank position in order to help reestablish constitutional democracy.

These representatives of the National Conference of Religious Persons, who claim to be tied to fundamentalists,

also express their desire to remain in ecclesiastical communication with the Haitian episcopate.

Jamaica

Shipping Group Concerned With Cuba, Haiti Ban

FL0106181592 Bridgetown CANA in English 1425 GMT 1 Jun 92

[Text] Kingston, Jamaica, June 1, CANA—The Caribbean Shipping Association [CSA], the organisation of port and shipping interests in the Caribbean, has expressed concern about U.S. plans to ban vessels that trade with Cuba and Haiti.

The CSA, which held its semi-annual meeting in the Cayman Islands last week, has issued a statement complaining that such actions could restrict free trade which the association works at to promote in the region.

U.S. President George Bush, seeking to tighten the more than 30-year U.S. trade embargo on Cuba, announced his intention to prevent ships that go to Havana from entering American ports.

At the same time, there have been calls for bans by Latin American and Caribbean countries on vessels which break the Organisation of American States (OAS) trade embargo on Haiti, imposed to pressure the military-supported government that assumed office after the overthrow of President Jean Bertrand Aristide last September.

Said the CSA: "The association understands that these actions and pronouncements are founded on concerns for human rights, but questions the possible effects on free trade in the region.

"Over the past 22 years, as a matter or principle, the CSA has been supportive of all actions and initiatives which reduce or remove restrictions and barriers to trade and has been working assidiously to develop and expand free trade with and within the Caribbean region."

Salinas Announces Plan To Reform Education

PA2805152592 Mexico City NOTIMEX in Spanish 0246 GMT 27 May 92

[Excerpts] Mexico City, 27 May (NOTIMEX)—On 27 May, President Carlos Salinas de Gortari called on his fellow countrymen to raise the country's educational level to eliminate backwardness and illiteracy, as part of an ambitious program to modernize teaching in Mexico. [passage omitted] The speech, unusual for the specific references it contained, was delivered 10 days after the government established the grounds for reforms aimed at combating centralization and bureaucracy through a national agreement to modernize basic education.

The federal government, Mexico's 31 states, and the union representing public school teachers at the preschool, primary, and secondary levels signed the agreement. [passage omitted]

The government earmarked a budget of 16 billion pesos (approximately $5.3 billion) to education in 1992, signifying a 70 percent increase since Salinas took office in December 1988 [passage omitted]

TV Service Forced To Close Offices in Havana

PA3105220292 Mexico City NOTIMEX in Spanish 0905 GMT 30 May 92

[Text] Mexico City, 30 May (NOTIMEX)—ECO, a private television information service has decided to close its correspondent offices in Havana, Cuba, according to an announcement made by newscast director Jacobo Zabludowski.

The decision was made on 22 May, "as there is not enough freedom to carry out our journalistic assignment," Zabludowski said.

He stated that during the six months the agency operated in Havana, 240 items were broadcast. Of these items, five were about dissidents, which apparently did not please Cuban authorities.

The ECO team assigned to Havana is already back in Mexico.

Hardly a few days after beginning their operations in Cuba, the Cuban Government charged the correspondents with broadcasting distorted information about the country's government leaders and deported them. This caused the offices to close temporarily.

* Presidential Adviser Reviews Economic Policy

92CA0152A Mexico City EXCELSIOR in Spanish 30 Apr 92 pp 1-A, 26-A

[Report by Jesus Rivera and Renato Davalos]

[Text] In a decade marked by a scarcity of international capital, Mexico's challenge is to avoid depending on foreign borrowing, as in the past, and to attract $150 billion in outside investment during the next 10 years to meet the country's financing needs. This capital should be concentrated in five areas: infrastructure, manufacturing, agriculture, education, and the environment.

The relative abundance of capital in Latin America "is temporary and must not be confused with long-range trends." Inside the country, the financial system, imbued with social liberalism, suggests that the "easy profits" from a protected capital market are coming to an end, asserted Jose Cordoba Montoya, the chief of the coordination office of the Presidency of the Republic.

In his first public address in slightly more than three years of the administration's six-year term and speaking to longtime acquaintances such as Franco Modigliano and Merton Miller, as well as new bankers, stockbrokers, and other financial intermediaries who packed the auditorium in which the closing session of the Third Convention of the Securities Market was held, he added that if things are done well, funds can be attracted, predicting that lessening country risks would push interest surcharges down.

Cordoba Montoya reviewed developments on world securities exchanges during the present decade and then fielded questions on the condition of and prospects for the domestic economy.

"Why don't you make public speeches?"

"Simply because I am not called on to..." he replied.

Speaking at the session to which he had received an "unusual invitation," as the cabinet coordinator himself described it, he emphasized the need to reduce the cost of capital, which remains high, especially for small and medium-sized businesses and for consumers.

His early arrival prompted a torrent of questions:

"Are you as powerful as people say? How much decision-making power do you have? What can you tell us about the presidential succession?"

The man who was born in France and has become a naturalized Mexican answered them with a cold smile.

A lengthy rundown on globalization and securities markets gave Cordoba an opportunity to emphasize that the internationalization of the world economy is a present-day imperative and that "those who do not integrate will drift farther and farther from development and push their peoples away from well-being."

The present decade, he stated, will be marked by competition for funds and opportunities to revive the production machine. The decline in savings in the industrialized nations has steepened, and whereas in the 1960's and part of the 1970's they were net exporters of capital at an average of 0.5 percent, they became importers during the following decade in the amount of 0.3 percent of their incomes.

This was largely due, he explained, to higher military spending, the aging of the population, to the wealth effect of revalued assets and real estate, and to higher spending on social security.

Three factors are boosting the demand for world financial resources. Estimates are that a total of $5 trillion in investments will be required in the countries of Eastern Europe and the former USSR over the next two or three decades, in other words, $200 billion a year.

The large deficits of many industrialized economies must also still be financed, especially that of the United States, which is soaking up 5 percent of world savings. For the first time this century, the United States has a foreign deficit, and in the Group of Seven, only Japan is running a current-account surplus.

Although the recent reduction in short-term international interest rates will hold for at least a year, as long as the recovery in the United States remains weak, the long-term pressures in the market of lendable funds arising from the worldwide imbalance between saving and investment must not be disregarded.

Investment and Saving

The economist then shifted to an analysis of saving and investment in Mexico. He recalled that domestic funds used to finance between 10 and 25 percent of national investment, although later came the sharp decline in the 1980's.

He then argued that the deficit in the current account of the balance of payments, which will continue in the coming years, rather than reflecting uncompetitive output, is due to the excess of investment over saving by the private sector.

Hence, he contended, under current circumstances the deficit has its own mechanisms of self-regulation and adjustment via quantity, not prices: a larger or smaller inflow of capital means greater or lesser investment and a larger or smaller deficit.

He also mentioned the rise in per-capita national income, which will average 4 percent a year until the end of the century, and the fact that future investment will have to go primarily into infrastructure, such as the investments that have currently been earmarked for roads.

Manufacturing is another target for investment, he added, and so is the agricultural sector, which supports almost a third of the population and accounts for just 8 percent of national income.

Another priority is to avoid destroying, polluting, and damaging nature and biological diversity. Mexico needs to assume the costs of environmental impact, he stated, by allocating sizable funds for this purpose and for education, while reorganizing its structure and raising its quality.

In this regard he said that the highest priority in the coming years would remain the "consistent and disciplined management" of public finances because the macroeconomic conditions that create a climate of confidence must be maintained.

Retirement funds will likely generate 30 percent of domestic savings in the future, "and the recent legal changes in this area will have an influence here." This will guarantee the "mass access" of the population to the regular financial system.

He identified five challenges for financial intermediaries with an eye toward boosting domestic savings in the years to come. He first mentioned the need to bring the synergisms of full-service banking to their culmination now that the securities market accounts for 40 percent of the financial system.

Confidence in the Future

The new banking conditions, he went on to say, require a new balance between bank and securities intermediation that will reduce the costs of capital and allow for competition amid gradual decontrol and deregulation.

In this connection he commented that the high prices that have been paid in the bank privatizations do not reflect miscalculations or an overestimation of the social prestige of being a banker but rather confidence in the country's economic future and, in particular, the value of the synergisms that these institutions are developing.

As for the securities market, he added, differences in Mexico's regulations must be prevented from acting as disadvantages vis-a-vis other markets. "Therefore, there must be greater latitude in promoting new investment tools and mechanisms, which can be achieved only if the authorities establish more effective monitoring and oversight systems."

As for the cost of capital, he remarked that the spreads between depositor interest rates and lending rates are still too broad, for example. In particular, lowering costs for small and medium-sized companies means overcoming the backlog in analyzing issuers in comparison to markets like Canada's or the United States'.

A venture-capital market will also have to be created for infrastructure projects and to finance new agricultural opportunities. First, however, the backlog of land-title disputes and the deeding of lands will have to be taken care of in order "to lend certainty to investments."

Over the next three years, he said in conclusion, this task will mean awarding titles to somewhat more than half of Mexico's land area and handing over deeds to around one-fourth of the population.

Cordoba Montoya sidestepped questions as he was leaving the auditorium after making his first public speech in the country at the Third Convention of the Securities Market and then drove off in Commerce Secretary Jaime Serra Puche's car.

El Salvador

ARENA Leader Defends Police Chief Candidates

PA3105174492 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 30 May 92

[Text] Armando Calderon Sol, Nationalist Republican Alliance [ARENA] president and San Salvador mayor, dismissed the Farabundo Marti National Liberation Front's [FMLN] rejection of the three-candidate list submitted by the National Commission for the Consolidation of Peace [Copaz]. President Alfredo Cristiani will select the National Civilian Police director from that list. Calderon explained that, according to Copaz regulations, decisions not reached by consensus will be made by the majority.

Therefore, the FMLN's absence from the meeting to select candidates for the list does not invalidate the decision, because it has the support of the other sectors in Copaz, Calderon said.

Party Calls Arrest of Court Clerk 'Suspicious'

PA3105183292 San Salvador Canal Doce Television in Spanish 0300 GMT 30 May 92

[Text] The Democratic Convergence [CD] has harshly criticized the arrest of Jose Rene Garcia, describing it as suspicious. The CD has linked the arrest to Garcia's plans to expose allegations of irregularities in the judicial branch.

The vice president of the Legislative Assembly confirmed on 29 May that Jose Rene Garcia had announced he was going to make public charges and present irrefutable evidence about certain serious cases of judiciary corruption. Garcia made that announcement prior to his kidnapping, which was later described as an arrest by the Drug Squad. On behalf of the CD, Ruben Zamora publicly protested what he considers an attempt to silence Garcia.

[Begin Zamora recording] Jose Rene Garcia has collected documents and information on serious irregularities and violations committed by the Supreme Court of Justice. Those documents are now in the hands of several prominent lawyers who, after reviewing the information, have expressed their opinion that the charges are serious and well-founded. [end recording]

Deputy Zamora said the former court clerk does not belong to the CD, even though he had sought the protection of certain groups so he could publicly disclose what he knows. Zamora also said that the method used to arrest Garcia is evidence that the security corps are not respecting constitutional liberties and guarantees.

[Begin Zamora recording] He approached us and said he was an apolitical person. He is a member of the General Association of Public and Municipal Employees leadership. He does not belong to CD, and the understanding was that the CD was not going to do anything about this until he first raised the charges. Nevertheless, the fact that he has been arrested and is not being allowed to speak forces us—the CD deputies—to denounce this situation. [end recording]

The CD is the first political group to react to the case of the former employee of the Supreme Court of Justice. Garcia's relatives charged on 28 May that this is a case of political kidnapping, but now it is being described by some as an unconstitutional arrest. The CD demands his immediate release and is not ruling out the possibility of filing a petition of habeas corpus.

Commission Reports on Flores Investigation Case

PA3105225092 San Salvador EL DIARIO DE HOY in Spanish 29 May 92 p 2

[Text] The Criminal Investigations Commission has established that the motive for attacking Vladimir Flores, a Farabundo Marti National Liberation Front [FMLN] bodyguard, was to steal his vehicle. The commission added it already has clues on the identify of the attackers. The investigating commission has reported on the events as follows:

Tuesday, 19 May: It was 0600 when two individuals grabbed a necklace from a young woman waiting for a bus on Ayutuxtepeque Avenue, near Santa Maria neighborhood. The two individuals then met another woman and ran north, where they apparently planned to steal a vehicle.

One of the men and the woman pretended they were arguing when a 1991 white two-door car driven by Vladimir Flores appeared.

According to the testimonies and the inspections done by the Criminal Investigations Commission, the couple then stood in the middle of the road and blocked the car driven by Flores, who began to honk his horn.

When the couple did not move, the bodyguard decided to get out of the vehicle carrying his .45 caliber pistol. He walked about six steps when the third individual, carrying a .22 caliber gun, approached him. According to Flores, this individual said he was a detective.

The investigating commission explained that in order to frighten their victims, common criminals identify themselves as members of the Armed Forces or FMLN militants.

Flores and one of the criminals then got into a fist fight, and the criminal managed to take away the bodyguard's weapon. Flores tried to run south, while the criminals opened fire with two guns.

Flores pointed out that when he reached the bus stop, he fell on the ground as a result of the six bullet wounds he had in his arms and legs. He then lost consciousness.

The commission insists that had this been an attack, the attackers would have shot Flores when he fell on the ground. The criminals fled when their theft was foiled.

While the commission is conducting its investigations, the 10th Peace Court collected testimonies from nine witness and the victim.

Some persons who were in the area or live there have pointed out they only heard the shots, but did not see who fired the shots.

As a result of this incident, the FMLN said that it was going to leave the National Commission for the Consolidation of Peace, but it rejoined the group on 27 May voicing its disagreement over the candidates proposed for directors of the National Civilian Police.

In a few days, the commission will turn over its documents to the court.

FMLN Commander Serrano Dies of Stroke

PA0106231892 San Salvador Radio Cadena YSU in Spanish 1645 GMT 1 Jun 92

[Excerpt] [Passage omitted] Commander German Serrano, 33, one of the foremost national leaders of the Farabundo Marti National Liberation Front [FMLN] and its top military leader in Chalatenango, died of a stroke at 0900 on 1 June. He experienced the first symptoms of this dreadful illness on 25 May and received medical attention at the Salvadoran Polyclinic from that time on.

Guatemala

Serrano Holds News Conference on Spain Visit

PA0206042092 Guatemala City Teleonce Television in Spanish 0330 GMT 1 Jun 92

[Text] President Jorge Serrano Elias returned to Guatemala on 31 May following an official visit to Spain. The president was greeted at the La Aurora International Airport by Vice President Gustavo Espina Salguero, state ministers, and several military leaders, without a protocol ceremony.

During his stay in Spain, Serrano Elias met with King Juan Carlos and Spanish Government President Felipe Gonzalez. Among his many activities, he participated in meetings to renegotiate the huge Sergusa Plan debt. Prior to his visit to Spain, Serrano visited Paris unofficially.

[Begin recording] [Serrano] My wife left a day early; I traveled alone. I went because I had already taken care of all necessary Guatemalan matters. I also wanted to arrive in Europe at least two days before my visit to Spain because of the drastic time change and because I had a very hectic work schedule in Madrid. So I took advantage of the weekend to travel.

[Unidentified reporter] [Words indistinct] or all fields?

[Serrano] First of all, in the economic field we discussed the possibility of resolving the old Sergusa Plan conflict. We have not yet reached an agreement, but we held serious talks and I believe, judging from the good will displayed by President Felipe Gonzalez, that we have come close to an agreement. We have established certain political procedures and we are going to allow the specialized groups to establish even greater rapprochement to preclude any harm to either the Guatemalan or Spanish people, and to make specific conclusions possible.

Guatemala will benefit greatly because we had been unable to meet with the Paris Club because of European barriers on financing development projects in Guatemala. I would say that within two months at the latest, approximately 60 days, we should have this problem resolved, and we will have an entry into Europe's capital markets. This will unquestionably benefit a series of projects that Guatemala needs.

Although European cooperation in the other Central American nations is huge, it is virtually nonexistent in Guatemala. I believe this [access to European markets] is one of our greatest achievements; at least we have put the key in the door that may open up possibilities to us.

The second issue that I consider of the utmost importance is Guatemala's presence in Europe. My visit was covered in an impressive fashion by the Spanish press and the European press in general. It had been a long time since a Guatemalan president had expressed his views regarding Guatemala's situation. In fact, the government adversaries have won the battle in Europe; they have been able to express their views regarding the situation. However, after I had an opportunity to address the Spanish parliament, the joint courts, and various news conferences, I noticed a change. Instead of systematic accusations and the usual questions regarding Guatemalan progress, we are beginning to see some very positive reports. I believe these are essential toward unblocking cooperation with Guatemala.

From the cultural and economic viewpoint, I spoke at length with President Felipe Gonzalez about establishing a financial cooperation program; not aid, but considerable financial cooperation for specific projects vital to Guatemala's development. [end recording]

Serrano Elias confirmed that he will attend the forthcoming international meeting to discuss the environment in Rio de Janeiro, Brazil. Congress approved this trip while Serrano was in Spain.

[Begin recording] [Serrano] I must tell you in all honesty that I am pleased. While I was on the airplane I reflected that criticism does not matter. As president of the Guatemalan people, what I truly care about are the possible results of the meeting. This will not be a vacation, but an exhausting and tiresome trip; all the presidents of the world are doing the right thing. I do not believe that Guatemalans whose sole interest is electoral politics, and who have distanced themselves from the

country's situation and needs, should criticize the government for going after the huge possibilities that exist.

As the president of all Guatemalans, I will continue to behave responsibly. Despite the criticism, I will do what I must because the people will acknowledge my effort. The people want results. When I left the country I did not even intend to go to Brazil, but Congress approved the trip during my absence, and I thank them for their confidence in me. I have reconsidered, I have thought about this again and again, and the Guatemalan people should not continue to think like villagers. We are going to make an effort because our country has sacrificed its development for its environment, and they should benefit from this.

I assume responsibility. I believe the country needs to join the international community and must do so in a dignified manner. I can tell the Guatemalan people they should be satisfied because I represented them humbly. All those statements regarding a huge delegation are untrue. My delegation consisted only of the foreign minister, labor minister, economy minister, and education minister.

There were Guatemalans there and they joined us—businessmen who had an opportunity to establish excellent business connections—I thank them with all my heart but they came on their own. The Guatemalan people must understand that Guatemala cannot fall behind. Guatemala must succeed and I will do everything I can so that Guatemala can succeed. My duty is toward needy Guatemalans, and I do not care about all the demagoguery and gossip. [end recording]

Serrano Elias will go from being visitor to host this week when he welcomes Argentine President Carlos Menem, who will arrive in Guatemala on 2 June. Menem will be the fourth president from an American country to visit Guatemala in 1992. Both presidents will meet with presidents from many other countries at the Rio de Janeiro environmental summit.

Honduras

Guerrillas, Callejas Sign Agreement on Weapons

PA3005015492 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 29 May 92

[Text] [Anchorman Carlos Riedel] President Rafael Leonardo Callejas met on the evening of 28 May with guerrillas of the Lorenzo Zelaya People's Revolutionary Forces [FPR Lorenzo Zelaya], but we do not know what they agreed on. Here is a report by Adolfo Hernandez. Good evening, Adolfo.

[Hernandez] Good evening, Carlos. Here is an exclusive last minute report on a very important development. President Rafael Leonardo Callejas and the FPR Lorenzo Zelaya signed an agreement, whereby those who have masterminded or carried out acts of violence will lay down their weapons. This event took place at President Callejas' residence with the participation of four guerrilla commanders.

The agreements negotiated between the guerrillas and the government include: individual guarantees for the FPR Lorenzo Zelaya militants, respect for the guidelines contained in the recently issued Amnesty Decree, return to Honduras of members of this movement now living in exile in Mexico and Costa Rica. It was learned that the Joint Chiefs of Staff of the Honduran Armed Forces and the contrite former guerrillas will hold a meeting in a few days.

The guerrillas, in addition, asked that their anonymity be protected to avoid any kind of reprisal or act of violence, which happened when the Cinchonero People's Liberation Movement, another clandestine group, renounced violence and became the target of attacks, presumably carried out by their former comrades. We were also told the government will publicly announce the agreements on 1 June.

[Riedel] Adolfo, you mentioned exiles. Are there Honduran exiles?

[Hernandez] It seems the members of this group have spent a great deal of time in havens for the leaders. Everybody knows the Farabundo Marti National Liberation Front and even the Sandinist National Liberation Front operated from Costa Rica and Mexico when they were outlawed. It is almost certain the FPR Lorenzo Zelaya members are in Costa Rica and Mexico, as they told the president.

Nicaragua

Lacayo on Report on U.S. Aid Being 'Blocked'

PA0106204192 Managua BARRICADA in Spanish 1 Jun 92 pp 1, 12

[Text] THE MIAMI HERALD reported on 31 May that a disbursement of $100 million, which is part of the U.S. 1992 economic aid package that was previously approved, has been "blocked" in the U.S. Congress.

The report, published on the front page of the most important Florida daily, adds that a group of congressmen—led by Republican Senator Jesse Helms—promoted in both the Senate and the House of Representatives the retention of the aid that was to be disbursed in the last week of May.

According to THE MIAMI HERALD, the unexpected problem with the funds destined for Nicaragua came up because the Capitol is "displeased" with President Violeta Chamorro. This coincides with the charges raised by Nicaraguan Parliament President Alfredo Cesar to the effect that the government has "wasted" and deviated U.S. funds in favor of "Sandinist organizations."

Although the article did not specify how long the funds will be withheld, it does say that "if this is prolonged it could lead to a diaster for the Nicaraguan economy, which is largely dependent on foreign assistance."

The $100 million blocked by the congressmen is part of a package of approximately $280 million of the annual economic aid package from Washington to Managua.

When Presidency Minister Antonio Lacayo was consulted on 31 May, he said that THE MIAMI HERALD report is apparently referring to the six obstacles introduced by Senator Jesse Helms on new requests for assistance, including the one destined for Nicaragua. The objections raised by Helms, who was hospitalized on 30 May for heart surgery, are tied to the lack of compensation or replacement of property owned by U.S. citizens in Nicaragua.

Concerning the disbursement of the $100 million, the minister said the objections existing in the lower chamber (The House of Representatives) have already been surpassed, but the Senate is still blocking the disbursement.

According to the financial assistance program for Nicaragua, the funds should have arrived in early June. Now they are expected sometime between June and July and "any obstacle might have a negative effect for the country," Lacayo said.

On the morning of 1 June, Nicaraguan Ambassador to Washington Ernesto Palazio will investigate the details of the problem with the Senate Foreign Relations Committee chaired by Christopher Dodd.

"This problem has arisen in an atmosphere created by persons such as Alfredo Cesar, who has launched a discredit campaign on what is happening in Nicaragua," Lacayo said. The minister said that Senator Helms represents the right wing of the Senate, and apparently articles such as the one by former Ambassador Kirkpatrick and statements by Cesar encouraged him to block the assistance for Nicaragua.

In addition to the charges raised by Alfredo Cesar (charges which have been denied on several occasions by government spokesmen) the newspaper quotes from a letter dated 12 May and signed by 14 U.S. congressmen; the letter is addressed to Presidency Minister Antonio Lacayo. The letter is written in unusually harsh terms, especially considering the fact that it is addressed to a government which was seen as an "ally" of Washington. It begins by recognizing the "democratic achievements" of President Violeta Chamorro and also speaks of certain "uncomfortable situations" that "endanger Nicaragua's future."

The congressmen state that they are "particularly concerned" about what they call " a lack of reforms" in the police force and the Nicaraguan Armed Forces leadership. Concurrently they demand the return of properties confiscated by the Sandinist Government and "urge" President Chamorro, "in the strongest possible terms," to solve these "problems."

The unique letter closes by stating that, although "national reconciliation" is a necessary policy in Nicaragua, "we are also aware that the immediate transition period has concluded and new policies and figures are needed (...) thus, the reform process most move on."

Chamorro on 'Possible Freeze'

PA0106201192 Managua Radio Sandino in Spanish 1847 GMT 1 Jun 92

[Text] President Violeta Chamorro on 1 June deplored a possible freeze in U.S. aid to Nicaragua and announced that should that happen, her government would be forced to adopt a number of measures, including a tax readjustment. She made that statement after receiving 56 Isuzu buses donated by Japan to be used on urban transportation routes.

When questioned by reporters aboard one of the buses in which she made an inaugural tour, President Chamorro blamed National Assembly President Alfredo Cesar for a report published recently in THE MIAMI HERALD regarding a possible aid freeze. President Chamorro invited Republican Senator Jesse Helms to visit Nicaragua to ascertain how the aid is being used.

As for U.S. pressure to dismiss Army chief General Humberto Ortega, the Nicaraguan president said she will make a decision when she deems it advisable:

[Begin recording] [Chamorro] The news was carried by THE MIAMI HERALD. This news was reported in Miami, but it originated in Nicaragua because it included textual quotes of Cesar's statements [passage indistinct]. Jesse Helms will understand perfectly, and I want to invite him. I want him to visit Nicaragua to (?see what is happening here). I want him to visit as Jeane Kirkpatrick did. She once accompanied me to lay a wreath on my husband's tomb at the cemetery.

I want everyone who wishes to come here to visit and decide whether there has been a change over the past two years [words indistinct]. I can show receipts of all my expenditures. I visited the United States recently, and I purchased my own ticket [words indistinct]. I can show you if you come to the presidency. I paid for my hotel room and everything else. Others can say whether they do the same.

[Reporter] [Words indistinct] Gen. Ortega leave the Army?

[Chamorro] Gen. Ortega will leave the Army when I deem it advisable. I will not back out or betray the people. I said it from the very start: All world countries need people who can (?lead) them. (?He will leave eventually). I ask you: How many communists—more communists than we have here—are now ruling the former Soviet Union? [words indistinct] [end recording]

Chamorro Denies Possibility of Coup d'Etat

PA0106171992 Managua Radio Nicaragua Network in Spanish 1100 GMT 1 Jun 92

[Text] Nicaraguan President Violeta Chamorro has denied that she has an alliance with the Armed Forces to harm the legislative branch. The president said there will not be a coup d'etat in Nicaragua, nor will the country accept one. Chamorro added that she is working on the professionalization of the police and the reduction of the Army.

[Begin recording] [Chamorro] What we are building in Nicaragua is our democracy, the democracy for which Cesar also fought in the court, I mean, in the Assembly.... [pauses] Perhaps later on, he can be president, if the people want it.

There will not be a coup d'etat in my country. Our people will not accept a coup d'etat. We want democracy, peace, love, and freedom in our fatherland. Everybody can say what they want to say, and he is no exception. I am not going to get into arguments with him, with the National Assembly, because I do not like getting into those arguments. I said what I had to say, and I am not retracting my statements.

[Unidentified reporter] Are you in an alliance with the military to fight against the [words indistinct]?

[Chamorro] No sir. No sir. I am not in any alliance. For the last two or three years, I have been fighting for the reduction of the Army, for a well-trained police force, and for well-trained journalists. That is what I am working for during my administration. We are building our fatherland gradually. [end recording]

Mendieta on Development, Meetings in Managua

PA2905205392 Managua Radio Nicaragua Network in Spanish 1100 GMT 29 May 92

[Report on interview with Government Minister Alfredo Mendieta; place and date not given—recorded; monitored in progress]

[Text] [Begin recording] [Mendieta] Development is an essential element that must be seriously pursued. It is necessary for all the international organizations constantly promoting human rights to insist in development. They must realize that development and human rights cannot be separated. We believe there must be specific financial programs to contribute to the development and reintroduction into society of those groups involved in the war, so that there can be more social stability and a climate suitable for safeguarding human rights.

[Reporter] Will there be another meeting between Central American government ministers to discuss this interesting issue?

[Mendieta] We had the opportunity to strengthen ties with all the defense and security ministers of the various Central American countries. We want to turn this meeting into a permanent forum to tackle not only human rights issues but also other regional problems, so we insisted on this and took the initiative of inviting others to turn this into a permanent forum, to increase our information exchange as well as our communication links. We emphasized the need to continue holding this type of meeting. I believe this meeting has been very well received.

We determined some issues that are of common interest for all Latin American countries and underscored the need to have this meeting become a permanent forum.

We discussed immigration issues as well as other issues—like drug trafficking—that are very important for Nicaraguans, and issues to do with national defense and security.

In the framework of the meeting, we prepared a tour itinerary for inter-American [word indistinct] to the Central American countries. We also discussed organizing seminars in each of the Central American countries. The seminars are to be followed by a major meeting. We do not yet know in which country this big meeting will take place. The purpose of the meeting will be to evaluate the seminars' results and to implement training programs for Central America's armed forces. [end recording]

Government Minister Alfredo Mendieta also addressed the security measures to be adopted at the 22nd Summit Meeting of Central American Presidents in Managua on 4 and 5 June.

[Begin recording] [Mendieta] The summit will be taking place here, so we want to provide all the necessary security. Today we will greet the Honduran foreign minister. In the next few hours other foreign ministers will also be arriving to prepare the meeting [of the presidents]. We already have adopted effective security measures for means of transportation and communication. We have bought very modern communications equipment. This equipment will be used during the summit and afterwards it will serve the National Police and various Government Ministry departments in their everyday work.

We are also assigning a considerable force to prevent any abnormal situation. For security reasons we cannot give more details on this force now; details will be released at the appropriate time.

We believe that security is guaranteed by the Nicaraguan people who value this type of meeting highly. The people will know to welcome the presidents in the way they deserve to be greeted.

[Reporter] Will some streets be closed?

[Mendieta] We are planning to close some streets very briefly, in areas where the motorcade will pass through,

but there will be no general closing of streets, or avenues, or anything like that. We want to handle this in the most normal way possible. [end recording]

Court Reportedly Suspends Summons of Ortega

PA0106203892 Managua Radio Sandino in Spanish 1830 GMT 1 Jun 92

[Text] A reliable source at the Supreme Court of Justice told the "Radio News" newscast at noon on 1 June that the Region 3 Civilian Appellate Court has accepted a writ of amparo filed by General Humberto Ortega Saavedra, chief of the Sandinist People's Army, against the attempt to question him at the National Assembly. The summons is being advocated by Assembly President Alfredo Cesar.

Our informant told us that the Appellate Court ordered the National Assembly to suspend the summons while the Supreme Court of Justice rules on the constitutionality of the request. The high court also ordered the National Assembly to provide evidence and explain within 10 days why Gen. Ortega is being summoned.

Cesar Announces Investigation of U.S. Funds

PA2905182792 Managua LA PRENSA in Spanish 27 May 92 p 2

[Report by Felix Navarrete]

[Excerpts] National Assembly President Alfredo Cesar has again accused the government of "squandering and misspending" U.S. funds and announced the Assembly's Economic Affairs Committee is investigating the fate of U.S. aid. The Committee will issue a report in a few weeks. [passage omitted]

Cesar, who spoke for over one hour during a Radio Catolica newscast, explained why he thinks U.S. aid is being diverted to Sandinist companies. Ortega and U.S. aid were at the core of Cesar's remarks. In one of the most explosive and controversial revelations, Cesar announced that the National Assembly will ask the U.S. General Accounting Office to confirm his suspicions on how the Nicaraguan government uses those funds. Although Cesar is threatening to take the aid investigation to the limit, some may see this as meddling into the government's financial policy. [passage omitted]

The National Assembly president said Ortega's attitude only serves to show "he is not very sure of what side he is on," which, Cesar felt, constitutes a dangerous precedent for Nicaragua's fledgling democratic process.

Special Investigation Denied

PA2905183092 Managua BARRICADA in Spanish 28 May 92 pp 1, 12

[Report by Marcio Vargas]

[Text] In a surprisingly categorical fashion, Social Christian Deputy Luis Humberto Guzman denied claims made by National Assembly President Alfredo Cesar on an alleged "special investigation" to establish the fate of U.S. financial aid.

Guzman stated: "There is no such investigation and nobody has asked us to conduct one." As president of the National Assembly's Economic Commission, Guzman has been directly referred to by Cesar as the person in charge of the apparently non-existent investigation.

Guzman usually exhibits his Social Christian schooling by speaking in an indirect and evasive fashion, but this time he was unusually emphatic and obviously surprised by Cesar's statements, despite being considered one of the UNO [National Opposition Union] deputies closest to the Assembly president.

"No, I tell you. There is nothing special going on at the commission, just routine work. There is no investigation concerning U.S. funds," he repeated, when we pressed for further information.

During a visit to Radio Catolica on 26 May, Cesar made serious charges against the Chamorro Government and said the Economic Commission had officially begun an investigation into the "wasteful expenditure, misuse, and diverging of U.S. financial aid through state banks and in favor of Sandinist businessmen."

The head of the parliament asserted that Humberto Guzman had sent a letter to the president of the Central Bank requesting official information on the matter, and announced that the Economic Commission would ask the U.S. GAO [General Accounting Office] for "technical advice" to complete the investigations.

"Yes I did send a letter to Silvio De Franco (President of the Central Bank) requesting information about credits and the financial state of the state banks, but I also sent letters to other ministers, including Tony (Antonio Lacayo)," Guzman responded.

He explained that "all the letters were part of the commission's regular work, which since April has been directed toward collecting information on the agreements signed with the international organizations (IMF, World Bank) and the country's economic situation. That is all there is. There is nothing special about what you have told me."

Nothing About the GAO

Regarding the alleged GAO "advisory" help in investigating the use of U.S. funds, Guzman said that "as far as I know there is nothing of the kind, no."

The Social Christian deputy thought back, remembering that since the "administration" of Miriam Arguello, who served as president of the National Assembly, there has been a consortium of international technical advisers made up by the University of Albany, the University of Florida, and the Center for Democracy.

Only two weeks ago an agreement was signed with the consortium, and it is their advice the Assembly is seeking for technical support. "One tells them, look, I need this and that, and they see where they can get it. In some cases, that may even be at the GAO, who knows? That is all I know," Guzman added.

Military Hospital Under Investigation.

Just in case there were still some doubts about the denial, Deputy Guzman repeated that "what we are doing at the commission is not unusual, but routine."

He said that for the commission to begin an investigation, all that is needed is a query from a citizen or a member of the Assembly. As an example he brought up the Davila Bolanos Military Hospital case, where, according to a deputy member of the board of directors, the patients are charged illegal honorary fees. "This we will investigate."

With regard to U.S. economic aid and the charges voiced by Cesar, he reaffirmed: "I repeat. No one, no citizen or deputy, has asked the commission to investigate such an incident." He then made an off-the-record joke about the reasons the Assembly president might have had to make such statements.

After interviewing Deputy Luis Humberto Guzman, we were unable to contact Alfredo Cesar to get his reactions. We hope to do so today, when he and President Chamorro, his rival in this unfortunate power struggle (executive versus legislative), opens a meeting of indigenous deputies from the Latin American parliament. Until then.

Officers Meet Honduran Counterparts at Border

PA3005012392 Tegucigalpa EL HERALDO in Spanish 29 May 92 p 52

[Report by Lourdes Chuiz]

[Text] El Guasaule, Choluteca—The possibility that members of the Sandinist People's Army [EPS] are involved in gunrunning from Nicaragua to other countries has not been ruled out, Colonel Lenin Cerna, chief of the Nicaraguan Defense Information Commission said.

Cerna and other Nicaraguan military officers met with their Honduran counterparts on 28 May at the border post of El Guasaule to report the Chamorro administration's concern and determination to solve border problems—particularly those concerning gunrunning. He also said they are quite interested in cooperating with the Honduran authorities to counter these problems because, in a certain way, they affect the peace process in the region.

Referring to this, Cerna said it is expected that intelligence groups will control these irregularities and establish contacts between regional commandos and intelligence systems. The officer mentioned, as an example, the last ammunition and weapons shipment seized at the El Guasaule border post. One Salvadoran was arrested because he was reportedly taking the shipment to the FMLN [Farabundo Marti National Liberation Front] guerrilla groups. Cerna added he does not rule out the possibility the shipment was destined for Honduras.

"As intelligence officers, we rule out no possibility. We will continue to gather information, although it is known that the weapons are being sold everywhere because the merchandise is in great demand," the military officer said.

Meanwhile, the Honduran authorities' representative, Colonel Alvaro Reyez Lopez, said the Army will work in coordination with the Nicaraguans, particularly concerning the exchange of information on gunrunning.

Panama

Article Supports Removal of U.S. Military Bases

PA0106013092 Panama City LA ESTRELLA DE PANAMA in Spanish 30 May 92 p A4

[Article by James Aparicio: "The U.S. Military Bases"]

[Text] The debate has been opened. Those who advocate continued U.S. military presence in Panama claim economic reasons. Those who favor the exit of the foreign soldiers speak of the national interest and the consolidation of sovereignty.

The truth is that the Torrijos-Carter Canal Treaties signed between Panama and the United States in 1977 stipulate that, after the year 2000, "only the Republic of Panama will manage the canal and maintain military forces and installations, as well as defense sites, in the national territory."

Deputy Leo Gonzalez, of the Nationalist Liberal Republican Movement; and Ray Bishop, secretary general of Local 907, an organization that supported General Omar Torrijos in the 1970's; are the only advocates of U.S. military presence in Panama after 2000. So far, the two leaders have defended their positions courageously and even honestly.

Even though, according to the protocol of exchange of notes on the treaties, nothing can preclude a settlement or agreement after 31 December 1999 to keep the Canal neutral, "or an agreement for stationing U.S. military forces" or maintaining any defense sites the two countries "might regard as necessary and appropriate," we Panamanians should make a decision with an eye on the future.

I think the treaties should be complied with simultaneously—the Panamanian Government takes over the canal administration and the 9,000 or 12,000 U.S. soldiers leave to demilitarize the country.

The Techo Foundation and other groups linked to the University of Panama have already presented proposals for the overall economic development of the hundreds of buildings and installations the U.S. Government must hand over to Panama within the next eight years.

Those who attack the treaties for political reasons, deny the historic and international value of these legal documents, which will gradually end a presence that has been oppressive and colonialist since the beginning of the century.

It would be unfair to deny that the Torrijos-Carter Treaties removed the Canal Zone forever, without recognizing the impact it had on the economy and the commercial relations with the United States and its major companies.

The Canal Zone was to Panama what apartheid is to South Africa. The United States had its own police force, governor, and courts. It had a racial and labor discrimination system, which separated the U.S. whites from the rest of the black, Latin, and Asian community. With the signing of the treaties, Panama recovered the ports at Balboa and Cristobal, and the railroad that joins the provinces of Panama and Colon.

The opposers of this process of nationalization say the difficult situation these three enterprises are in is due to the treaties.

Nothing could be further from the truth. The U.S. military, in violation of the treaties, stopped maintenance of the ports and the railroad at least in 1978. They turned over dismantled buildings, with no furniture, not even toilets.

Treaty negotiator Diogenes de la Rosa has already pointed out the enormous potential of the defense and military sites, which will revert to Panama between now and 2,000, and are estimated to be worth between $20 and $25 billion.

Some of the alternatives to develop the lands presently occupied by the U.S. military bases include: industrial areas, industrial processing companies, or a large free port.

Unfortunately, a majority of Panamanians do not realize the offensive nature of the U.S. military presence in the country, nor do they realize the scope of the complete text of the treaties.

All those sectors involved in the process are responsible for promoting a national debate, so that national interests may prevail over the personal interests of those who are promoting plebiscites and renegotiation not even requested by the United States.

What must develop in Panama is a national consensus to solve the serious problems the people are experiencing, such as poverty, crime, and drug dependence.

We must enter 2000 with no local or foreign army.

It is now that Panamanians must think about the economic development of the reverted areas. We must think of a development plan that will involve the country's private enterprise, and the major U.S., Asian, and European consortiums, which have already made some handsome proposals.

Anything else goes against history and will increase the dependence, which has given us many happy moments, but many sad ones also.

Argentina

Alfonsin 'Prepared To Talk to Menem'

PY3105223492 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0051 GMT 31 May 92

[Text] Gualeguaychu, 30 May (NA)—Former Argentine President Raul Alfonsin today admitted the possibility of holding talks with President Carlos Menem and stated that the decision on whether he should run for president in the 1995 elections should be made by his party, the Radical Civic Union (UCR).

Thus Alfonsin reacted favorably to Menem's statement in La Rioja that he was prepared to talk with the UCR leader.

Speaking at a news conference in Gualeguaychu, Alfonsin said he is "prepared to talk to Menem," adding that he was not surprised by the chief of state's change of attitude.

He said the stability the current administration has achieved was a "significant victory" but lamented the lack of "growth."

Alfonsin said he was not planning to run for president in the 1995 elections, but admitted he would run if "the party decided that I should be" the UCR candidate.

During his news conference, Alfonsin criticized the "untidiness" of certain privatizations because they were implemented "without taking into account the interests of the consumers or the country."

Condor-2 Missiles 'Hidden' in 'Secret' Arsenal

PY3105213892 Buenos Aires CLARIN in Spanish 31 May 92 p 16

[Text] A book that will be published soon states that Argentina has hidden two Condor-2 missiles that are ready to be fired in a secret arsenal. With a range of 1,200 km, they could reach the Malvinas Islands from the continent; however, the United States fears that Argentina will not fire this weapon, but will transfer its technology to an Arab country instead. The Argentine Government announced the deactivation of this project last year.

"Argentina has stored in its most secret arsenal two Condor-2 missiles, which are ready to be fired at any objective within a distance of 1,200 km, with an error margin of 3,000 meters, and which could be armed with a warhead that Argentina may be capable of obtaining at the last moment," states a chapter in the book "Carnal Relations, the True Story of the Construction and Destruction of the Condor-2 Missile" [Relaciones Carnales, La Verdadera Historia de la Construccion y Destruccion del Misil Condor II].

This sentence from the book, which will soon be published and which was written by journalists Eduardo Barcelona and Julio Villalonga, continues as follows:

"The reestablishment of diplomatic relations with the United Kingdom, which reserves the issue of the sovereignty of the islands for spiny talks in the future; the submission of the Argentine military; and the fact of Argentina siding with the United States internationally make returning to the century-old conflict over the archipelago, where an absurd war took place, unthinkable.

"Although Argentina may not do much with what it has (it cannot attach devastating warheads to the two missiles), the launch of a Condor-2 missile would, without a doubt, cause an international uproar.

"The major harm that Argentina could cause with the missile is to export the technology to some unstable country. The eventual decision to launch the missile at the capital of the Malvinas or at a British fort on the islands would be a minor tragedy in comparison with the possibility of transferring missile technology to some Arab leader, for example.

"Saddam Husayn's Iraq was eclipsed after the Gulf war; Syria, Libya, and Iran are now the only Arab nations capable of continuing the eternal struggle against Israel. As long as the Golan Heights are not returned to their previous owners, there will be a conflict between the crescent moon and Tel Aviv, not to mention the conflict that already exists over the annexed Palestine territories. Although the Cold War is over, the Middle East is still, at the least, warm.

"Only within this international context, where the most remote confrontations can be followed closely in this century of communications, may the objective of the U.S. Embassy in Buenos Aires, as voiced by one of its usual spokesmen, be understood. 'We will not stop until we are sure the transfer of this technology is impossible,' said Ernesto Uribe, counselor at the U.S. Embassy in Buenos Aires in September 1991. That was four months after the Argentine Government had announced the deactivation of the missile project and when the subject had long been absent from newspaper headlines."

* Segba Announces, Denies Electricity Crisis

92SM0401B Buenos Aires AMBITO FINANCIERO in Spanish 28 Apr 92 p 7

[Text] In an unusual statement that was later denied by the same company, Segba [Greater Buenos Aires Electrical Services] yesterday publicly warned "of a possible energy crisis during the coming winter season." The statement, which was numbered and released on the press office letterhead, was then denied by another statement issued several hours later and by the secretary for electricity, Carlos Bastos, who said that problems with Segba's distribution systems "have never arisen during the winter."

Early yesterday afternoon, Segba released the first statement, saying: "This concern is based on the fact that

energy consumption rises during the winter and the company now has a severe shortage of materials on hand for repairs."

It added: "Historically, at this time of year there are breakdowns in power transformers, which supply the transmission networks, because of increased use of energy-intensive electrical appliances"; this situation is worst in metropolitan neighborhoods.

It also stated that if appliances are not used in moderation, "it is quite possible that transformers may be damaged, and the lack of parts will prolong the duration of these untimely power outages."

Several hours later Segba released another statement saying that the preceding statement, No. 2258, "has been canceled" because "it did not reflect the real situation in the company and had not been properly authorized."

Statement

Segba distribution and sales officials apparently drafted the first statement, which was released by the press office through the usual channels; it was in practice a strong challenge to the maintenance policy being pursued during the stage prior to privatization. What seems inexplicable is that the statement was released without the approval of the company director, Carlos Mattauch.

Department of Energy spokespersons felt that, in the first place, it was "an act of disloyalty toward Mattauch," although it might also be interpreted as a maneuver related to the impending privatization and the cutbacks in overtime or in purchases from the state enterprise's suppliers.

Still, even after the denial was issued, Segba's manager, Federico Andrivot, said that purchases have been reduced in order not to tie the future licensee to a specific technology and burden the company with major debts. He also said that abnormalities of the magnitude cited in the initial statement should not be expected, but he did indicate that the depletion of supplies on hand could create "some type of problem" if there were "unexpected climate conditions."

So even if this is an in-house dispute among company officials, it does mean that supplies have been curtailed. This could have a perceptible impact on distribution systems, which are already quite obsolete, especially during periods of heavy rainfall.

Secretary Bustos was quite emphatic in his denial. He stated that electricity distribution problems always occur in the summer because of the effect of high temperatures on the equipment and because of increased demand.

Bolivia

Minister Downplays U.S. Envoy's Statements

PY2805135092 La Paz Radio Fides Network in Spanish 1100 GMT 28 May 92

[Text] Bolivian Foreign Minister Ronald MacLean Abaroa downplayed the statements made by U.S. Ambassador to Bolivia Charles Bowers, who said that coca leaves are the leaves of slavery.

[Begin MacLean recording] I would not consider it so seriously. Let us not take the ambassador so seriously. [end recording]

In turn, Senate President Guillermo Fortun criticized the U.S. ambassador for meddling in Bolivian internal affairs.

Officials View Remark

PY2905173492 La Paz La Red Panamericana in Spanish 0000 GMT 29 May 92

[Text] Defense Minister Alberto Saenz Klinsky has said that U.S. Ambassador Charles Bower was wrong when he said coca is not sacred because it represents slavery. He added that slavery is not a result of consuming coca, but of consuming cocaine.

[Begin Saenz Klinsky recording] Cocaine enslaves people. It is a (?dangerous) drug because it creates addiction. There is confusion between coca and cocaine. As we all know, coca is a leaf, it is a plant that we use in mate, that we use as tea. [Words indistinct] but in ways that are not necessarily harmful. (?In Bolivia), all of us have consumed coca one way or another [words indistinct], including as mate, and no one feels enslaved by coca, correct? However, [words indistinct] those who have stopped using cocaine, [words indistinct]. It is known to all that cocaine alters the nervous system. This is why it is forbidden. Cocaine is a drug. I believe there has been confusion. [end recording]

On the other hand, the General Trade Union Confederation of Peasant Workers of Bolivia (CSUTB), through its leader Segundino Montevilla, repudiated U.S. Ambassador Charles Bowers' latest comments.

[Begin recording] We would like to protest. The U.S. ambassador has no business [words indistinct]. We believe that when diplomats of this sort are in our country, they must leave their positions because they cannot have this opinion about coca. Coca is sacred not only [words indistinct] religious. Therefore, the CSUTB and its members repudiate the comments made by the ambassador. [end recording]

Interior Minister Talks About Legalizing Coca

PY3005025292 La Paz PRESENCIA in Spanish 26 May 92 p 7

[Text] As a result of the controversy created by the refusal to exhibit 8 kg of coca leaf at the Seville International Fair, Interior Minister Carlos Saavedra yesterday announced the beginning of a government campaign abroad to make coca leaf legal and succeed in industrializing it.

"To do that, we are taking three steps: The president of the Republic has asked the World Health Organization to make a detailed study of the virtues of the coca leaf; our ambassador (to Spain) is making an effort to contact all European businessmen who have shown interest in commercializing coca leaf; and the Ministry of Industry is drafting a plan to make this product known to the foreign market and convince foreign and Bolivian entrepreneurs to produce and sell the coca leaf legally," he added.

The coca leaf, which has been produced in Bolivia for thousands of years, has been compared to cocaine, which is produced by mixing the leaf with chemicals. According to the Vienna Convention, countries that do not produce coca cannot sell, exhibit, or import it.

Vice President Luis Ossio told PRESENCIA on 23 May: "We Bolivians must fight for international acceptance of the coca leaf." He reported that the government is preparing a campaign abroad to make its sale possible.

Minister Saavedra, who opened the first special assembly of coca-leaf producers in La Paz, said, however, that the government campaign will not have immediate results. He added: "The first steps are being taken with firmness and decisiveness."

He said: "The president of the Republic has a definite and clear opinion of our culture and our traditions," and this position will be conveyed to the foreign market. This represents a real possibility: coca tea can be consumed as mate abroad, he added.

Minister Saavedra opened the Assembly of La Paz Coca Producers [Asamblea de Cocaleros Pacenos—Adepcoca], which will mainly study the purchase of a plant which produced match boxes to serve as the legal coca market at the government seat.

Minister Saavedra bluntly told the peasants: "Now, all countries worldwide know that there is legal coca in Bolivia (?and that it is traditionally consumed there). As our [word indistinct] used to say, coca has nothing to do with the drug that is consumed in other countries."

"Just as Spanish, German, and U.S. people drink tea or any other type of mate, they may begin drinking the Bolivian coca mate, because it is healthy and tastier than any other," he added.

Coca producers' leader Jeronimo Meneses has reported that the Adepcoca, which began on 25 May, will decide in the next few days whether to officially buy the building where the peasants currently sell their legal coca, without middlemen.

He said: "The first thing to do is to buy the market building. We are reaching the conclusion that 10 or 15 days after the Adepcoca, we will definitively solve the problem of purchasing the market building."

U.S. Engineers To Leave, Population Protests

PY0106152092 La Paz Radio Fides Network in Spanish 1100 GMT 1 Jun 92

[By Rafael Vidal]

[Text] Cobija— Pando's civic committee has declared a state of emergency in the department following the official news that the U.S. Army corps of engineers will not participate in the second construction stage of this capital's airport. Civic Committee President Olijo Mombeck stressed his concern because the U.S. Government is not fulfilling its promises to Pando Department. The official said that their part of the deal, which was to store the materials needed for the construction of this airport, has been fulfilled. He added that they are very disappointed to learn that the U.S. engineers will not help in the airport construction this year because of some political problems in their country. This is essentially a political decision, the official said.

He stated that the government must negotiate a solution to this problem with the U.S. Embassy, adding that Pando Department will remain in a state of emergency for the time being. He said that if the demand is not answered by 5 June, a general strike will begin on 8 June and continue until the government resolves the problem.

Pando Prefect Jose Luis Padilla said he will do everything possible to get the government to resolve this problem. He said that almost all the materials required by the U.S. Army have been obtained. Padilla said that only a few items are required to complete the project.

Another bit of news: Jaime Paz Zamora settlement leaders have informed us that they are blockading the road Cobija-Porvenir. They said they will not lift the blockade until Pando's Development Corporation fulfills its promise to provide potable water and electricity to the settlement.

Brazil

President Collor Interviewed on Economy

PY0106190692 Rio de Janeiro O GLOBO in Portuguese 31 May 92 p 3

[Interview with President Fernando Collor de Mello by Luis Erlanger and Ali Kamel; date and place not given]

[Excerpt] [passage omitted] [O GLOBO] Inflation continues to be above 20 percent. What can be done to curb it?

[Collor] We need to clear Congress of all the important draft bills currently being debated. We also need to get Congress to pass the fiscal adjustment bill, which is fundamental. An extremely rigid, austere, and strict monetary policy is the tool we are using to make our economic program consistent. We will use this policy while we wait for those draft bills which are currently being debated in Congress. We cannot, however, continue to use the monetary policy forever and, for this reason, we need the fiscal reform as soon as possible. We also have some less important draft bills, including the exploitation of public services award, the ports' draft bill, and the new copyright law.

[O GLOBO] Is the atmosphere within Congress favorable?

[Collor] I believe it is very favorable.

[O GLOBO] But is there enough time left this semester to vote on these draft bills? Recess starts in July, that leaves only 16 working days in Congress (Tuesdays, Wednesdays, and Thursdays). Then comes the electoral campaign.

[Collor] This is why I urged Congress to speed up debate.

[O GLOBO] Are you somewhat disgusted with Congress?

[Collor] It is not a matter of being disgusted. We all want things to happen fast. This has always been my desire. I want things on the move, to be solved. But for this we must first go through Congress' sieve and then face the judicial branch. Not a single auction to privatize public enterprises escapes a preliminary court ruling although the auctions follow a law approved by Congress itself. There is also the subject of the 147 percent [increase for pensioners], and the subject of salaries....

[O GLOBO] Is this first instance very bothersome?

[Collor] This is why we are also trying to submit a proposal that will allow appeals to a higher court in order to better organize the judicial field. We never know where a preliminary court ruling will come from when we privatize a public enterprise. We are always forced to stop the auction and appeal the court ruling.

[O GLOBO] Congress opposed this system because it considered it a tool used by the authoritarian regime.

[Collor) I don't think so. We are not going to radicalize. This is a very energetic measure to reorganize the steps taken within the judicial branch. If federal government action is being questioned it is only logical that the highest court of the judicial branch should pass judgment. This helps organize things better.

[O GLOBO] As far as Congress is concerned, is there enough time to vote on the draft bills?

[Collor] We looked at the calender and believe there is enough time, especially if the legislative sessions are extended. It is all a matter of reaching an understanding. To summon Congress, or for Congress itself to summon sessions, and then spend the month of July doing nothing does not make any sense.

[O GLOBO] Are you talking about an understanding for the draft bills to be voted, whether approved or not?

[Collor] We hope they will be approved. But for that there must be an agreement because they entail constitutional amendments. We need 302 votes in favor. If there is no agreement, why are we going to vote on them? There is no point. Everybody is aware that fiscal reform is necessary, and if everybody agrees that it must be approved this year, we need to know which proposal is feasible. For this we need a political agreement.

[O GLOBO] Did the government at any point change its mind regarding its initial decision to carry out a broader fiscal reform?

[Collor] By no means. Even the thought of a fiscal reform that does not include a reform of the social security system is hardly practical. But we must subject our proposals to a political understanding. However, even regarding the Social Security system, I sense a favorable atmosphere within Congress. Do you remember when we were working on the constitutional reform proposals last September, that one of the proposals was to reorganize the Social Security system and the retirement system. However, in the search for a consensus before submitting the proposal to Congress, the political party leaderships strongly opposed the idea. We then decided to withdraw our proposal so as not to affect the other proposals. Three months later Congress changed its mind. A report by Deputy Antonio Brito suggested the possibility of reviewing the retirement system. We believe that it is important to raise the issue and discuss it because this will set the paths. We are again raising the issue of the retirement system. It will be subject to the so-called political discussion in search for a consensus.

[O GLOBO] The fact that there will be elections this year further complicates things, correct?

[Collor] Undoubtedly. We only have until July because we do not know what will happen after that. What will happen is still unknown. We must also remember that 120 deputies are running for mayor, while others will be campaigning for their candidates. We were very discouraged by the fact that a full quorum is necessary. This is why we will make use of Deputy Benito Gama's proposal in order to continue advancing. Thus, we will gain time.

[O GLOBO] Does the success of the economic policy depend on approval of these measures?

[Collor] These measures are crucial. The year 1992 is definitely a turning point. It is the year we will begin to go up after having touched bottom. The bills being debated by Congress are necessary, we can even say indispensable, to support this rise. If these bills are approved, I am sure we will resume our growth in 1993.

[O GLOBO] What about inflation, which is still above 20 percent?

[Collor] All indexes indicate that it will continue to go down. I have been asking Minister Marques Moreira to try to establish a standard method for reporting these indexes. What do we see on television? The Economic Research Institute Foundation [FIPE] reports that the inflation rate has gone up, the Interunion Department of Statistics and Socioeconomic Studies [DIEESE] reports that it has gone down, and the Getulio Vargas Foundation [FGV] also reports that it has gone down.

[O GLOBO] Would you like the indexes to be fixed? Wouldn't that have a negative effect?

[Collor] We must either fix the indexes or make the details of the indexes known. The FIPE indexes refer to prices in Sao Paulo only; the FGV to those in 20 capitals; and the DIEESE to those in nine capitals. If we unify all the indexes since January, we will observe a clear decline. The tendency is toward an irreversible decline. It is also clear that it has been proving very hard to go below the 20 percent level. Reporting different indexes has been creating a certain amount of confusion, however. The small businessman takes action based on what he sees on television. One such incident became famous during the first phase of the economic plan. One day, a man had a demitasse of coffee for 10 cruzeiros. The next day, the price had gone up to 15 cruzeiros. He complained to the Bars and Restaurants Union: Why do I have to pay more if the price of sugar, coffee, drinking water, and electricity are frozen and cannot go up? "Because I saw on television that the price of gasoline was 20 percent lower than it should have been. I added this 20 percent to the 10 cruzeiros and the total was 12. As it would be too difficult to have change for 12 cruzeiros, I decided to round the price up to 15 cruzeiros," the businessman explained. This is the way most people reason.

[O GLOBO] Didn't the last figures on our foreign debt scare you?

[Collor] These figures cannot be read in a such a simplistic manner. People extrapolate, calculate, and multiply the total for the number of remaining months. The result is an unreal number. Gros (Central Bank president) has conducted a study showing the correct way to read these figures.

[O GLOBO] This report shows, however, that the interest rates to be paid are higher than that of the foreign debt.

[Collor] People have been complaining about high interest rates. Rates must be positive, however. If the inflation rate is 20 percent, interest rates cannot be lower than about 22 or 23 percent. Recently, we have had 32 percent interest rates, however. Currently, the Reference Fiscal Unit is 23.45 percent and the Interbank Credit Certificate, 22.94 percent. If the inflation rate goes down, the interest rates will also go down.

[O GLOBO] Do you like the idea of collecting taxes on checks?

[Collor] Not as a radical change. We are all tempted by the easiest ideas. Ask anyone: Do you like this method of collecting taxes or would you rather have a single tax that does not require payment at a bank teller's window? Everyone will choose the single tax. Things do not function this way, however. If this system were truly good, it would have been adopted by the most advanced economies. Theoretically, the idea is excellent, but it is like taking a leap in the dark.

[O GLOBO] Will the government maintain its proposal on collecting taxes on financial transactions, even if it is only tentative?

[Collor] The commission that studied the fiscal reform, which was chaired by Ary Oswaldo, compared the issues about which a proposal can be formulated. Currently, we have 22 taxes and we would have only nine. The proposal establishes which taxes remain and which must be eliminated. A form, which includes the tax on financial transactions, is included in the proposal. This form will now be perused by the politicians. We will discuss it. We will evaluate this form. After the contents are evaluated and the political leaders reach a consensus on it, Deputy Benito Gama is willing to include in his proposal all issues on which there has been a consensus. We plan to give priority to and to urgently implement the bills that have been deemed essential. The bill on ports has been in Congress for two years. As has the one on concessions. The country can no longer wait. Congress must debate these bills.

[O GLOBO] What has worked over the last two years?

[Collor] Look at the figures. In 1989-90, the inflation rate was 84 percent per month and all prices were controlled. Currently, inflation is about 20 percent per month and prices are entirely deregulated. All of them: cigarettes, milk, and medicine. This is an important change in mentality. We cannot evaluate this well because we are involved in the so-called short-term cycle. Look at our reserves. When we took office, they were at a critical level. Now, their level is excellent and, thanks to that, we can negotiate our debt. Our agriculture is doing well and so are our exports. The exchange rate is also very good. If it were not, there would be no exports. Without exports, we would not have a positive trade surplus.

Inflation is still bothering us, but the tendency is clearly for it to go down. When I took office, we had broken with the rest of the world with regard to our debt. Nowadays, we are renegotiating the overdue payments. We have reached an agreement with the IMF, our proposal to the Paris Club has been approved, and we are about to finish renegotiating our debt with the private banks. Foreign investments are reaching excellent levels. This week, I received a French group that was willing to invest $1.7 billion in our country over the next four years. Our stock markets clearly reflect that. The parallel dollar exchange

rate has been below the import-export transactions rate for a long time. This means that the supply of dollars is larger than the demand and that the economic agents trust the government's economic program. If they did not, the first reaction of a market as sensitive as ours would be to resort to risk assets—gold and dollars.

When I assumed office in 1990, our deficit prediction was 9 percent of the GDP [gross domestic product]. We concluded 1991 with a surplus of .5 percent of the GDP. We have fully complied with the budget, which never happened in the last 20 years. We are fully complying with the budget; not a cent more than what is collected is spent. No money is printed to pay personnel or to cover other expenditures. We have had monthly surpluses in the last two years. Revenues have increased a great deal, and much more after implementation of the emergency tax reform approved at the end of last year. Last year, 15 days after the deadline to turn in income tax declarations, we had processed approximately 2 million declarations. This year, during the same period, we have already processed 4 million declarations. This is a very important sign, and more important still because we have had serious difficulties with the income declaration issue. On the eve of the deadline, a project changing everything was still in Congress. Moreover, the assets evaluation issue is rather difficult—I do not understand it very well either—so, we need to study it further. Regardless of all these difficulties, society has participated. Unemployment has also decreased. The major issues have worked.

Foreign Debt Swap for Nature Project Approved

PY2905164092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 29 May 92

[Report by Alana Gandara from Rio de Janeiro]

[Text] The first operation to swap Brazilian foreign debt for environmental projects has just been approved for an initial amount of $150,000.

According to the debt swap program, which was established by a decree last year and by Central Bank Resolution No. 1840, the American Express Foundation, along with the Pro-Nature Foundation [Fundacao Pro-Natureza] and the U.S. organization Nature Conservancy, agreed to swap Brazilian foreign debt for ecological protection.

The operation will guarantee the maintenance and management of Grande Sertao Veredas National Park in Minas Gerais State for a 20-year period.

This is the first time part of Brazil's debt has been swapped for an environmental project. The operation was expedited in order to have the foundation's donation coincide with the [UN Conference on Environment and Development] conference in Rio de Janeiro.

The swap received the support of President Fernando Collor and the Central Bank president.

Marques Promises To Release Funds to Military

PY0106025892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 May 92 p 1

[By Sonia Mossri from Brasilia]

[Text] Brazilian Economy Minister Marcilio Marques Moreira met with the Army high command in Brasilia on 28 May and promised the nearly 60 generals present to release funds for the military starting in June. He tried to calm down the Army high command and avert yet another crisis in the Collor administration.

The officers who attended the meeting with Marques Moreira also demanded a clarification on the subject of salary equality among the three state branches. Marques Moreira reiterated that President Collor has instructed him to tackle the issue on a priority basis.

Marques Moreira's advisers have said in confidence that there are no funds to make salaries equal. The option that is being studied involves bonuses and gratuities for the military.

During most of 28 May, Army Minister Carlos Tinoco met with the Army high command at General Headquarters in Brasilia. This meeting was interrupted for almost two hours to hear the economy minister. The main topic of debate at the meeting of the Army high command was the growing inability to train the troops because of a lack of funds.

Pressured by the Army, Navy, and Aeronautics Ministries, the Treasury was recently compelled to make exceptions to the system through which funds were released according to the inflow of revenue into the Treasury. Due to the problems that the Armed Forces encountered during training and routine maneuvers, a more flexible arrangement was established.

Accomplice Identifies Acre Governor's Killer

PY3105032892 Rio de Janeiro O GLOBO in Portuguese 29 May 92 p 1

[Text] Gilson Jose dos Santos, former Della Volpe Hotel employee, yesterday told Sao Paulo police that his accomplice, Edilson Alves, who lives in this capital, murdered Acre Governor Edmundo Pinto [on 17 May]. Gilson, Edilson, and Jomildo Barbosa barged into the governor's hotel room to carry out another holdup, and Edilson shot the governor twice when he reacted. Gilson is under arrest and police now are searching for Edilson and Jomildo.

• Criticisms of Marcilio, Policy Increasing

92SM0412A Sao Paulo VEJA in Portuguese
6 May 92 pp 16-21

[Text] In well-organized countries, the economy is handed over to some undistinguished fellow whom few people know by name and who keeps his job for an eternity. In Brazil, a completely disorganized country, the minister of the economy is expected to be a financial genius, and people always rush to cut off his head if he cannot pull rabbits out of his hat. Since 1985, when the cycle of military governments ended, Brazil has had six ministers of the economy, and their average time in office has not exceeded 14 months apiece. Marcilio Marques Moreira, successor to Francisco Dornelles (five months as minister), Dilson Funaro (20 months), Bresser Pereira (eight months), Mailson da Nobrega (26 months), and Zelia Cardoso de Mello (13 months), has held the job for 12 months and so is approaching the average stay for this occupation. Now, just when we are celebrating a year without economic shock treatments or packages, the minister has become the prey.

In recent days, a respectable outcry has been raised against Marcilio. Its standard-bearers have included some politicians and business leaders who are dissatisfied with the inflation rates and the depth of the recession. Last Tuesday, while getting his hair trimmed in Brasilia, Bahia Governor Antonio Carlos Magalhaes suggested that the economic team would not survive if inflation were to get stuck at the current 20 percent rate where it seems to have settled. In an article that appeared that same day, Deputy Antonio Delfim Netto said the administration is "pretending that it has now solved the essential problem" and that "the battle against inflation is becoming a social scourge." The next day, at a meeting of the National Federation of Industry [CNI], Sao Paulo businessman Mario Amato was ready to start a rebellion against the minister by releasing a document in which he characterized Marques Moreira's economic policy as "recessionary and illogical." CNI President Senator Albano Franco managed to soothe Amato by promising to convey the criticisms in a more reserved manner to the President of the Republic.

What is happening is that Brazilians are, once again, reacting in their typical manic-depressive fashion in the face of an uncertain economic outlook. The economic situation is exactly the same as it was a couple of months ago, except that the inflation rate is 1 cm lower and talks with international creditors have moved about 1 meter ahead. It used to be that the talents of the minister of the economy were praised because of the precarious victories that his calm approach had won. Now, without any objective sign that anything has changed, it is open season on Marcilio, and some of the hunters are among President Collor's closest aides. "Brazil is a psychedelic country," said former Minister Mario Henrique Simonsen. "To pull Marcilio out of the administration would be like putting a kidney patient on the operating table and removing the very kidney that was good, while leaving the bad one in place."

The Honeymoon Is Over

Former Minister Simonsen is probably right. But it will be hard to convince those who are demanding immediate changes in the economy. They are laying extremely heavy siege to Marcilio. Look at some of the phrases uttered last week by persons directly subordinate to President Collor, including ministers:

- "Marcilio is losing his luster. He once personified serenity in the economy, but that image no longer means much."
- "Marcilio knows how to react, but not how to act. The inflation rate has been stabilized, and now the problem is that the team is not creative enough to get it to fall below the current level."
- "The inflation rate is taking too long to fall, although the public is making tremendous sacrifices. A situation like this cannot go on very long without the minister losing his job."
- "Marcilio has until June at the latest to bring down the inflation rate."

Those statements, we should remember, came from influential people who frequent Collor's inner circle; none of them came from the president himself. Besides speeches, however, there are covert actions, like what happened at a gathering on Tuesday night, featuring two ministers in the Collor administration. During a dinner in the apartment of Minister of Social Action Ricardo Fiuza that lasted three hours, Rio economist Paulo Guedes, a liberal and disciple of Roberto Campos's brand of orthodoxy, outlined a pessimistic scenario for the coming months. Invited to Brasilia for a conversation that was shrouded in secrecy, Guedes spoke at a table composed of Fiuza, Minister Jorge Bornhausen (the administration's political tactician), and the government's leaders in the Senate and Chamber, Marco Maciel and Luis Eduardo Magalhaes. All of them are members of Governor Antonio Carlos's PFL [Liberal Front Party].

Funds for All

So intense was Bornhausen's interest in the economist's opinions that he spent most of the time with pen in hand, taking notes. "We are in a situation very much like that of 1981. Then, Delfim was able to stabilize inflation at 10 percent a month. Now it has been stabilized at 20 percent, and the best that can happen is that the rates won't explode. But they definitely won't drop, said Guedes, who later described the meeting to a friend.

Downward trend: Except for the FIPE index, which rose in April, other indicators of inflation point to a decline during the month.

(January through April 1992; figures in percent)

Index	January	February	March	April
IGP-M	23.56	27.86	21.39	19.94
IGP-DI	26.84	24.79	20.70	20.00*
IPCA-Special	25.60	26.10	22.03	19.83
IPC-FIPE	25.89	21.57	21.74	23.00*

*Estimated. Key: IGP-M [Market General Price Index] and the IGP-DI [Domestic Supply General Price Index] are general price indexes published by the Getulio Vargas Foundation. The IPCA-Especial [Special Amplified Consumer Price Index] is published by the Brazilian Institute of Geography and Statistics and the IPC [Consumer Price Index] is prepared by FIPE [Economic Research Institute Foundation].

There is some subtlety in this Catilinarian treatment of Marcilio. No one, not even ACM [Antonio Carlos Magalhaes] has talked explicitly about the minister being asked to resign. Officially, Marcilio is as solid as an obelisk. "No one with a minimum of common sense can even think about replacing Minister Marcilio," said Minister Bornhausen. What everyone wants is for Marcilio to cut interest rates, distribute appropriations to the ministers, help the governors, and end the recession. In other words, they want the minister to abandon his convictions without leaving the ministry. Since that is impossible, the conclusion one must draw from the siege is that, directly or indirectly, what people are asking for is the minister's head.

It makes one laugh to hear the PFL demanding funding for "the social things," as its members have gone so far as to do. Last Wednesday's vote on the new minimum wage gives us a hint of what the party is really worried about. On that issue, the PFL bunch decided it would rather throw its votes toward the lowest proposed wage for the workers than vote in favor of a higher wage, the 280,000-cruzeiro proposal. In their zeal for the cause of development, which had seemed to be monopolized by the left, Fiuza and Bornhausen's PFL ranks second only to the National Conference of Bishops of Brazil. On Thursday, that religious body demanded "complete revision of the government's economic policy, even if it is necessary for Marcilio to resign."

Medals

The debate about the economic team's performance impacted heavily on the financial markets, the most sensitive barometer of this country's political stability. On Wednesday, amid those fluctuations, President Fernando Collor de Mello defended his minister during a ceremony at Itamaraty. "Economic policy has been conducted in a firm, serene, balanced, and effective manner by Minister Marcilio," he said. Detail: Some of the ministers who are going around grumbling about Minister Marcilio's tightfistedness with federal funds—Fiuza, and Health Minister Adib Jatene, for example—had received medals at the ceremony and were lined up in front of the president.

The siege was felt by Marcilio while he was in Washington at an uneventful meeting of the IMF. From the tone of his response, it is evident that the minister understood perfectly what was going on in Brazil. With his back to the wall, he forgot his normally suave Portuguese and used less diplomatic expressions such as "pulling the rug out from under someone." It is understandable that he would use less polite language than usual. This time the criticisms are powerful. They come from his new colleagues, his peers in terms of prestige.

From outside came even more troublesome criticisms from governors such as Sao Paulo's Luiz Antonio Fleury Filho, who advocates a new developmentalist cycle, and Antonio Carlos Magalhaes, who has some doubts and an unshakable certainty when he says: "I don't know who can solve the economic situation. I don't know which is the right road out of the crisis. I only know they are wrong, because it is impossible to achieve stabilization when inflation is running at 20 percent a month." Last week, the Bahian governor received several phone calls from businessmen, mainly from Sao Paulo. The callers backed his criticisms. As a politician sensitive to the nuances of the national mood, ACM expressed an assessment that is gaining adherents daily in this country.

The Party's Over

Is it time to change course at the Ministry of the Economy? Marcilio's critics have jumped into the breach opened by that question. They tell of people's impatience with the long, drawn-out recession, but they could be looking for the unattainable happiness of the blue lagoon. In 1979, President Joao Figueiredo took out Mario Henrique Simonsen, who was conducting an economic policy of containment, and put in Delfim Netto as planning secretary. "Gentlemen, start your engines and tractors: we are going to grow," Delfim announced at the end of his inaugural address. Two years later, in 1981, Brazil entered into a brutal recession. The party was over.

Delfim rolled up his sleeves and put the country on a strict diet of adjustment; it was slimmer by the time he turned it over to President Sarney's spendthrift administration. Now we are paying the price of an even bigger adjustment in order to purge the economy of the excesses

of Sarney's festivities. What the big spenders are asking Marcilio to do is open the vault and start the games again, before carrying out the unfinished adjustment to the Brazilian economy. He does not want to do that. "Brazil has been burdened with structural problems for decades," Marcilio said. "Inflation has been with us for 30 years, the recession for 12. We need to face up to the problem and start reforming the government in order to build a solid foundation for growth."

No New Pair of Scissors

Brazil's situation makes people impatient because they cannot see any solution on the horizon. But the consensus among economists is that it is quite unlikely that inflation will explode or that there will be even further retraction by industry. It is acknowledged that inflation is likely to stay more or less where it is, perhaps a few digits lower, and that GDP will grow at something like 1 percent this year. To the worker who lost his job or the businessman bedeviled by poor sales, the situation is distressing. The politicians are troubled, too, because they like to have funds to undertake construction projects, especially in an election year like this one. People have every right to want a remedy for all this, but it would be a mistake to expect that an economy minister—any minister—can cut the Brazilian knot with a new pair of scissors that no one suspected existed.

Some ministers are worse than others, and of course Marcilio could be replaced by someone better prepared than he. As in the stories of the Old West, there is always someone who is quicker on the trigger. Marcilio has admirers who rave about his serenity and envy his connections in international financial circles. But there are quite a few who find him too passive, not very creative, and lacking the technical tools for the battle he has gotten himself into.

The problem facing us is, however, much more complex. The ideal thing would be to slash inflation and resume growth immediately. We only have to find the saint who can work such a miracle. "Brazil has all kinds of surgeons who can perform economic operations, but conditions in the hospital are getting worse and worse," said former Minister Mailson da Nobrega, who wore the white coat during the final phase of the Sarney administration. In Mexico, the PRI [Institutional Revolutionary Party], the government party that governs the country under an almost dictatorial regime, supplied the backing needed for the approval of the structural reforms carried out by the government. Even so, the economic adjustment there took eight years. In Chile, the Pinochet dictatorship installed liberalism by force. One third of the Chileans lost their jobs. In Brazil, the government does not have the kind of solid political base needed to implement the reforms it has in mind. No one would hail arbitrary regimes for the ease with which changes can be made, especially because they can also change things for the worse. But neither can one expect a rapid adjustment of a regime that respects people's freedoms.

Under the 1988 Brazilian Constitution, the federal government is required to transfer the bulk of its tax revenues to the states and cities. Last year, 80 percent of the revenues were committed even before they were collected. Question: where does the government get the money to invest in those public works projects the governors like so much? "Not even if he puts a wizard in as economy minister will the president be able to deliver the funds the politicians are demanding," said Mailson da Nobrega. In an attempt to improve the situation, the administration will send a tax-reform bill to Congress that calls for an increase in federal government revenues and a reduction in its spending. "That reform bill is the backbone of our plans for the Brazilian economy," Minister Marcilio said. Not one expert or politician has yet come forward to disagree. In the meantime, people pretend that the solution is to forget that long and unpleasant route and look for some new magic.

"Sadomasochism"

There are some more explicit problems. Given the bum's rush by former Minister Joao Santana and discouraged by low salaries, the best Federal Revenue auditors have left, and now much less income tax is being collected than in the 1970's. Note that the tax burden has increased since then, at a ratio of 1.8. It did no good to make Police Chief Romeu Tuma the head of the Federal Revenue Secretariat. No one was frightened, and tax evasion increased.

Judges in Curitiba earned 25 million cruzeiros in March, a salary higher than that of a justice on the U.S. Supreme Court. A Federal Police chief now pockets as much as 15 million cruzeiros a month, which is close to $70,000 a year, $5,000 more than recently-elected Betty Boothroyd, speaker of the British Parliament will receive—and her salary is the highest of any of her colleagues. The Paraiba state government spent 6 billion cruzeiros on its payroll in March for employees still in active service. Of that, 3.5 billion swelled the wallets of only 928 officials, while the remaining 2.5 billion was divided among a multitude of 35,000 hired hands. Aberrations like these can be found everywhere, especially in the legislatures and the judiciary, and represent some of what cries out for reform in Brazil—not to mention the theft. Otherwise, there will never be money to build schools, hospitals, roads, or hydroelectric plants. The country has begun to understand this.

The criticisms leveled by ACM and Fleury at the ministers' dinner and all the other developments that made things hot for Marcilio occurred during a hellish week. To start with, there was the vote on the minimum wage. To complicate matters, military wives marched on Brasilia to protest the low salaries. The week would have other unpleasant news. On Monday, both Dieese [Interunion Department of Statistics and Socioeconomic Studies] and Seade [State Data Analysis System Foundation], two Sao Paulo statistical research institutions, announced record unemployment figures. At the end of March, the number of jobless workers in Greater Sao

Paulo reached the one million point. Not since 1985 had so many people been laid off.

On Wednesday, the Federation of Commerce of Sao Paulo State announced its own grim figures: sales in March had fallen to 1979 levels. That day, leaders of the three major trade union federations—Jair Meneguelli (CUT [United Federation of Workers]), Luiz Antonio de Medeiros (Union Strength), and Francisco Caninde Pegado (CGT [General Federation of Workers])—showed up in Brasilia to witness the minimum wage vote. They criticized the blend of recession, unemployment, and inflation. "This economic policy is driving the worker to desperation," said Meneguelli, as if Minister Marcilio were doing it on purpose. "The government coffers are not closed out of sadomasochism, but because there is no money inside," the minister explained for those who had not yet gotten the message.

Careful What You Say

The thickening clouds of economic difficulties have reached Planalto Palace in different ways. Corridor conversations about Marcilio have become pretty open, which is a bad sign. "If someone close to the president starts wondering about the administration's most important minister, it won't cause him any trouble," a Collor adviser noted. According to that rationale, if Minister Marcilio were an irreplaceable component of Planalto Palace, people around the president would be more careful what they say, and that is not the case.

In several instances, news of the recession and the criticism of the minister have been brought directly to the president. Early in the week, one of Collor's direct assistants went to Planalto Palace to convey a report to the boss. "Mr. President, according to the data I have, the recession has caused the layoff of 250,000 construction workers in the past 90 days," the aide said. There was also a report of a conversation among bankers that took place two weeks ago.

Present at that gathering were some of the most important businessmen from the financial sector and one Collor adviser. The competence of Central Bank President Francisco Gros, Marcilio's lieutenant, was severely called into question by the bankers. "Gros does not know how to operate the markets as skillfully as Ibrahim Eris did," one of them said. According to the businessmen, Gros's lack of skill has often caused him to set the interest rate higher than the acceptable level. The conversation was reported, in detail, to Collor.

What is important about these rumors is the spirit in which Collor receives the criticism and information. When former Minister Zelia Cardoso de Mello reigned supreme in the economic field, the president did not allow anyone to criticize her in his presence. Some time ago, he also used to cut off criticisms about Marcilio. "There is only one way to find out whether a minister still has all his clout. The president needs to make this clear in his more confidential contacts," a high official of Planalto Palace said.

No Work at the Mint

Discussions, whether public or confidential, about the performance of members of the administration are legitimate, healthy, and typical of a regime that calls itself democratic. That is the only way to attack the mistakes that they will inevitably make. People should be careful what they read into these discussions, however, because they are never benign. If a businessman sees signs of a gathering storm in some statement against the economic policy, he might postpone some investment he was planning. If fear strikes someone who has money and is on his way to the bank to put it in his savings account, he might change direction and take it to a dollar trader. "Some weeks ago, the market was excessively optimistic. Now there is more realism," says Antonio Dirceu de Miranda, marketing director of Banco Mantrust, in Sao Paulo.

If a translation of the facts creates waves of tension, the wielding of economic tools by the government has an almost physical effect on each of our lives. It is said that things are tough because the government will not let interest rates go down. To the man on the street, it is hard to see a relationship between the interest rates stipulated in Brasilia and the size of his paycheck at the end of the month, but the two sides of the theorem are perfectly tied together. High interest rates attract people's money to the financial markets. This puts the squeeze on consumption. The retailer has no customers and so does not place orders with industry, which then suffers losses and lays off workers. Under Marcilio's leadership, the government has not been printing money—in fact, the Mint has given its entire workforce a paid vacation, which is unprecedented in the history of this country. The result is that money has become more scarce, and this causes more trouble for the merchant, the industrialist, and the worker.

Furthermore, the government has cut back its spending to a critical point. That alone has made a hefty contribution to the recession because building contractors have been left with nothing to do and government suppliers have lost contracts. These are the general outlines of Marcilio's policy. The social cost is very high, but that recipe for fighting inflation has been canonized as effective. Those Latin American countries that have repaired their economies and now seem to be paragons of stability compared to Brazil have gone through the same painful adjustment.

Safe Harbor

In terms of its positive aspects, Marcilio's policy has shelved the agonizing freezes and the price controls as anti-inflation measures. For five years, finance ministers from Dilson Funaro to Zelia Cardoso de Mello embarked on that kind of adventure and reaped one failure after another, producing an inflation curve that looks like the electrocardiogram of a terminally-ill patient. "Marcilio's policy is a bridge between today's unknown and tomorrow's safe harbor. In that regard, the minister has acted properly," said economist Adroaldo Moura da Silva, a professor at the University of Sao Paulo.

What is becoming obvious to the public is that the administration has stabilized the inflation rate at 20

percent and does not seem to have any way to bring it any lower. This means the average citizen is in the worst of worlds: high inflation rates and a recession of similar proportions. The administration really does not have any way to reduce inflation very much, at least not quickly. It stays at that level because there is still a lot of mistrust among individuals, there are too many preventive price adjustments, and some informal indexing practices never really ended. The cure, now, does not really depend as much on the government as on the tax reform pending in Congress. Furthermore, to a certain extent, the private sector also bears a share of the responsibility; it could moderate its price increases.

It will take time to correct the long-standing problems of the Brazilian government apparatus and develop confidence among individuals. For years the public has found the government to be irresponsible, prodigal, and untrustworthy, with its compulsory loans, chronic corruption, and confiscations. What the public cannot legitimately demand of a minister of the economy, whoever he is, is that he overcome these bad habits overnight.

Of Minister Marcilio it can be said that he is learning to be more flexible. He has become more good-humored in the face of a succession of problems that have fallen onto his shoulders. He uses all his contacts—and he has a lot of them—to build support systems in the darkest hours. He even manages to be sarcastic, as in the answer he gave about the absence of sadomasochism in the government's miserly attitude. His friends suggest, amid jeering laughter, that ACM is criticizing Marcilio out of jealousy. ACM is being kept on bread and water, while his rival, Leonel Brizola, got money to build the Rio de Janeiro subway's Red Line. Marcilio is getting to be a wily politician. At this rate he may end up becoming a fox. A cuddly one.

[Box, pp 18-19]

What They Think

Aloizio Mercadante

- Assessment: Marcilio has dispelled the threat of shock treatments and soothed the economic agents, but inflation has already demonstrated that this orthodox monetary and fiscal policy is not going to bring it down.
- Prediction: The crisis will get worse in the coming months if the course of the economy is not corrected.
- What I would do: The first thing to work on is tax reform, but it needs to be done now, not in the second half of the year as the government wants. Another step is to expand the agreements on prices that were reached in the sectoral chambers.

Francisco Lopes

- Assessment: Marcilio's performance has been surprisingly good. He accepted the position at a delicate moment for this country's economy, which had been distorted by yet another attempt at a price freeze, but he managed to turn the situation around.
- Prediction: There is no reason to expect a rapid decline in inflation, which will probably hold at about 20 percent. The most positive sign is the feeling that the recession is about to end and the economy is starting to grow again.
- What I would do: Dollarize the economy.

Jose Serra

- Assessment:On balance, Marcilio's performance has been positive. With high inflation rates and a low level of economic activity of course there are complaints, but it would be better to honor him than to weaken him. The biggest problems are the public deficit and managing the government.
- Prediction: In the coming months, there is no trend toward an explosion of inflation. The harvest was good, and the foreign situation reasonably good.
- What I would do: That's a good question for a reporter to ask, but not for the one who has to answer it.

Delfim Netto

- Assessment: Brazil's problem is political, not economic. Marcilio is doing what he can with the limited freedom he has. His interest rate policy concerns itself only with demand and forgets about supply. It was a mistake to open the capital markets to foreigners before inflation was stabilized.
- Prediction: Inflation is likely to stay where it is, and the GDP might even rise a little because of the good harvest and a slight growth in exports.
- What I would do: I can't even begin to think about that.

Luiz Gonzaga Belluzzo

- Assessment: The monetary policy caused things to get out of control, and what is most serious is that the economic team has limited itself to fighting inflation by holding down utility tariffs and raising interest rates. There is no investment, and the situation is very serious.
- Prediction: The inflation rate is likely to rise little by little. Marcilio will probably be out by the end of the year.
- What I would do: I would reach an agreement to make the fiscal adjustment feasible, intervene in prices and wages, and bring back indexation.

Mailson da Nobrega

- Assessment: Marcilio has a big advantage over Zelia. He rebuilt Brazil's image abroad and became a major player in the foreign area. For someone who seemed like a fish out of water early in his term, this was a very pleasant surprise.
- Prediction: He will have increasing difficulties cutting expenses. He will be expected to perform the miracle of reducing inflation without sacrifices.

- What I would do: The same thing he is doing; try to mobilize public opinion in order to undo the fiscal knot.

* Digicon Develops Missile Guidance System

92SM0403A Sao Paulo GAZETA MERCANTIL in Portuguese 23 Apr 92 p 10

[Article by Sao Paulo correspondent Mariluce Moura]

[Text] The Rio Grande do Sul firm of Digicon, one of Brazil's most dynamic companies in the field of industrial automation, has completed—after an eight-year development effort in partnership with the Research and Development Institute [IDP] and the Army Technological Center [Cetex]—the control and guidance equipment, i.e., the intelligent part, of the Army's new surface-to-air missile, the 3.2.

Tests of the prototype of the short-range missile, which is supersonic, can be guided optically or by radar, and has an autonomy of 6 km—a distance it travels in about 15 seconds—were completed recently at Cetex in Guaratiba, Rio de Janeiro State. Already approved, it is now going to be produced, in quantities yet to be determined by the Armed Forces, by a group of companies that includes, besides Digicon, Imbel [War Materiel Industry], Ambalit, and others.

It was Digicon's experience in industrial automation and precision machinery, according to Jose Carlos de Araujo, manager of the firm's Advanced Technology Division, that gave it the foundation to "meet, using CAD/CAE/CAM [computer-aided design/computer-aided engineering/computer-aided manufacturing] systems, the challenge of building the intelligent part of the device," which until then had required imported technology.

"All the development work was done internally by 12 Digicon engineers, following Army specifications and working in close cooperation with the Army's R&D people," Araujo said. They had to develop some of the materials, achieve the highest precision in the degrees of balancing of some instruments, and plan new processes for manufacturing parts.

The result is a machine for defending strategic sites such as airports, hydroelectric plants, and border areas. Although it does not represent the peak of advanced military technology, "it is up-to-date and adapted to the state of the art for this kind of device," observed Digicon's technical director, Corrado Lacchini.

The technology that has now been mastered can also be used for surface-to-surface and shore-to-ship missiles. And some of the components developed, such as the gyrometers—sensors that measure angular velocity—may prove to have civilian applications.

Now that the missile has been developed, Digicon is getting ready to tackle a new stage of the same project, the command system for the launch vehicle. "All the controls on the launcher are automatic, so this is our next challenge in the defense field," Araujo said.

Smart Components

The company has worked in stages during the past eight years. Its first task was to develop the inertial system, i.e., the two high-precision pieces of equipment, the gyroscope and the gyrometer, that tell the operator the exact position of the missile in relation to the mobile target that he is supposed to hit.

"The gyroscope keeps us continuously informed of the angle at which the target is moving, and the gyrometer measures angular velocity. The large volume of data that can be obtained every second is monitored on the so-called boundary line, by means of the sights in the command area," Araujo explained.

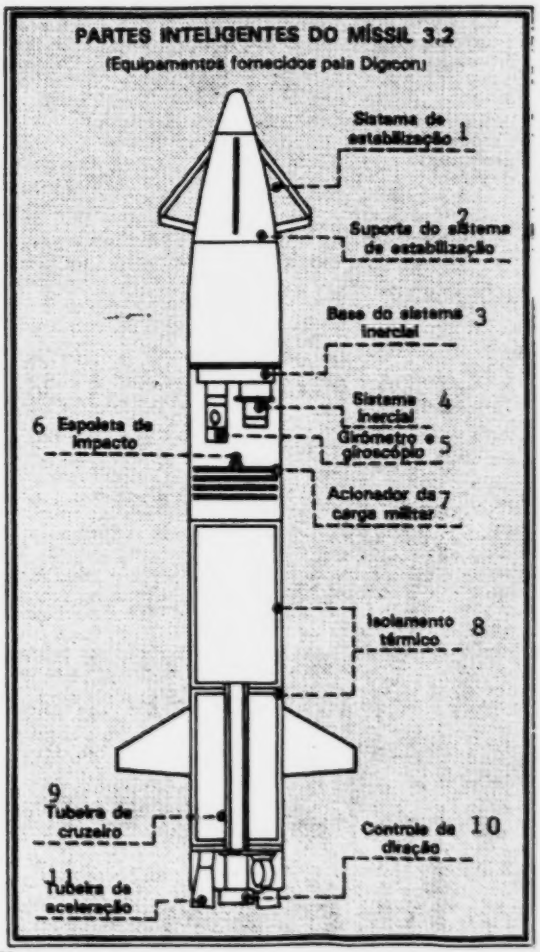
The second stage was the development of the guidance control mechanism. Then came the military payload actuator and the thermal insulation. "The temperature inside the missile reaches 2,000 degrees Celsius, but its aluminum cladding will only withstand temperatures up to 600 degrees Celsius. The biggest job here was to produce asbestos-based resins and other insulating materials to keep the temperature of the aluminum cladding down to about 200 degrees Celsius, explained the manager of the Advanced Technology Division.

The final stage was development of the stabilizers, which are responsible for rebalancing the center of gravity and thrust of the missile that change as the fuel burns up in the engines, with solid propellants in the booster engine. "It is in that area, not just in the guidance control system, that the possibility for increasing the maneuverability of the missile lies. It would have to exceed 6 G's (a G being the unit of measurement of the acceleration of gravity), which is more or less the maneuverability of a fighter plane," Araujo noted.

The job given to Digicon, which had sales of $10 million in 1991 and, according to its president, Joseph Elbling, "showed a significant loss, although the company's balance sheet will not be released until sometime during the next several days," was to develop all the components that receive data from external sources, process it, and activate commands to maneuver the missile.

Digicon S.A.—Controle Eletronico para Mecanica has 280 employees, of whom 35 work in research and development. "Our investments in R&D vary from 10 to 12 percent of sales," Elbling said.

Intelligent Parts of the 3.2 Missile
(Equipment supplied by Digicon)


PARTES INTELIGENTES DO MÍSSIL 3,2
(Equipamentos fornecidos pela Digicon)
Sistema de estabilização 1
Suporte do sistema de estabilização 2
Base do sistema inercial 3
Sistema inercial 4
Girômetro e giroscópio 5
6 Espoleta de impacto
Acionador da carga militar 7
Isolamento térmico 8
9 Tubeira de cruzeiro
Controle de direção 10
11 Tubeira de aceleração

Key:
1. Stabilization system
2. Support for stabilization system
3. Base of the inertial system
4. Inertial System
5. Gyrometer and gyroscope
6. Impact fuse
7. Military payload actuator
8. Thermal insulation
9. Cruising cone
10. Guidance control
11. Booster cone

Colombia

Government Announces Asylum for Alan Garcia

PA0106200192 Lima Radio Programas del Peru Network in Spanish 1838 GMT 1 Jun 92

[Text] [Calderon] We are in contact now with RCN [Radio Cadena Nacional] of Colombia, a member of the Solar system. John Jairo Pinilla, good afternoon.

[Pinilla] Good afternoon, Jesus Miguel Calderon and all the listeners in Lima, Peru. In the last few hours, the most important news in our country—which obviously involves the two nations—is that former President Alan Garcia has requested asylum in our country. The Colombian Government has already granted this request.

The news was learned about 10 minutes ago, when Alejandra Balcazar, official spokesperson of the Colombian Foreign Ministry, read the communique issued by the Colombian Government. The communique analyzes the situation and the decision reached by the Colombian Government, which is most important. Let us listen to the official communique issued by the Colombian Foreign Ministry on the case of Alan Garcia.

[Begin Balcazar recording] The Colombian Foreign Ministry hereby announces the following:

1. At 1900 on the night of 31 May 1992, former Peruvian President Alan Garcia Perez entered the residence of the Colombian Embassy [as heard] in Peru.

2. Former President Garcia Perez requested diplomatic asylum from the Colombian Government through Jaime Gutierrez Plaza, its ambassador to Peru.

3. The national government decided to grant the asylum requested by former President Alan Garcia and immediately began to work on the procedures—according to international law and the principles of asylum upheld by Colombia—for his trip to the Republic of Colombia.

4. Peruvian Foreign Minister Oscar De la Puente has offered the Colombian Government the guarantees and securities of his government with regard to the diplomatic asylum that has been granted.

Issued by the Press Office of the Foreign Ministry. [end recording]

[Pinilla] That was the official communique issued by the Colombian Foreign Ministry. A few minutes after that, RCN spoke with Dr. Jaime Gutierrez Plaza, Colombian ambassador to Peru. He basically explained the terms under which this communique was issued. He did not want to make any additional comments. He merely said Alan Garcia arrived at his residence at approximately 1900 with his lawyer. He said he wanted to request asylum in our country. Immediately, Ambassador Gutierrez Plaza got in touch with the Colombian Government and with Foreign Minister Nohemi Sanin de Rubio, and he explained the situation.

The diplomatic procedures of the case were immediately implemented and, as I said at the beginning of this report, the official communique was issued on the most important news so far. Except for the request itself made by Alan Garcia, the important news is the fact the Colombian Government has granted asylum to Alan Garcia in Colombia as he had requested.

Do you have any more information, Jesus Miguel Calderon, on this most important case in Lima?

[Calderon] No, but I guess the diplomatic experts and the Foreign Ministry will have to clarify this. I have not heard at any time—or in the communique itself—the words: political asylum. I have heard the words: diplomatic asylum. I do not know what the difference is, but I believe there is a marked difference. Is that right, John Jairo?

[Pinilla] That is right. Perhaps I interpreted this wrongly, but it is diplomatic asylum, as you have pointed out. Those are two very similar phrases, but they actually have two very different meanings. It is diplomatic asylum, as you have pointed out, and as the Colombian Government pointed out.

[Calderon] John Jairo, thank you very much. We will keep in touch. Until later.

[Pinilla] Very well. We stand ready to serve you and the Peruvian people.

[Calderon] That was RCN in action, the Solar system. At any time, we will continue to bring you more information. Sometimes the news on Peru is known abroad much faster. The Colombian ambassador to Peru has not issued any communique or any official report. The news came from abroad, and we gave you that news.

Gaviria on Measures To Solve Energy Crisis

PA2905181492 Santa Fe de Bogota Radio and Television Networks in Spanish 0141 GMT 29 May 92

[Speech by President Cesar Gaviria Trujillo in Santa Fe de Bogota on 28 May—live or recorded]

[Text] Colombians: Nearly three months have passed since the energy rationing began. This is the worst rationing in many years. It has brought suffering to all of us and bankruptcy to some. In general, there has been a serious disruption of social and economic activities. This has been the greatest setback for the current government, which is successfully carrying out a policy of renovation, reform, and change.

The just indignation of citizens and the enormous frustration of the government, given the magnitude of the rationing, could not be easily softened or lessened through reckless and precipitous sanctions. The magnitude of the crisis demanded and continues to demand seriousness and responsibility on our part. This is why I gathered a group of prominent Colombians from the private sector and asked them to conduct an in-depth investigation into the energy problem to find those responsible. On 27 May, I received the group's conclusions. Later, I received the conclusions of the Comptroller General of the Republic and those presented by the Fifth Senate Commission. These three reports have helped me to make the decision I will report to you this evening.

From these reports, one can infer that the rationing stems from mismanagement, actions, and omissions of some energy sector officials; corruption; the interim appointment of ISA [Electrical Interconnection Inc.] managers; the criminal actions of the rebels; the abuses of wrongful unionism; problems with hydrology; and a long summer.

Among other things, the Fifth Senate Commission blamed the energy rationing on the change in the energy sector's planning model that took place in 1981 and the government's discriminatory treatment of the sector in 1985. In addition, the Fifth Senate Commission blamed the energy crisis on the lack of planning by some former ministers and energy sector officials, as well as on a lack of budget funding by a former minister from the previous administration.

I will not analyze these complex factors and causes again. I will explain the measures I have ordered, making it clear that this effort must be made so that a similar situation can never be repeated in the history of the country. I made the following decisions today:

1. As we have been doing, we will continue to persecute those responsible for mismanagement and corruption. The report from the Evaluating Commission recommends that the Attorney General's Office continue the investigation against former managers of Santa Fe de Bogota Energy Company, particularly Fabio Puyo Vasco and Gabriel Garcia Bejarano.

In addition, we have submitted the report presented by the commission to the Prosecutor General's Office so that charges are filed as appropriate. The government will support the results of these and other investigations and, in the event that cases of illegal enrichment or other improper behavior are found, it will file legal charges against those responsible.

In keeping with the same report, we will also conduct investigations into the irregularities committed in ICEL [Colombian Electrical Energy Institute], Corelca [Electric Corporation of the Atlantic Coast], and their subsidiaries.

2. Taking into consideration the investigations made by the Evaluating Commission, the Comptroller General's Office, and the Fifth Senate Commission, I have ordered and requested the corresponding authorities to dismiss the following officials: Uriel Salazar, former acting manager and current official at ISA; Hector Hernandez, chief

of planning of ISA; Adriano Pena, operations manager of ISA; and Jairo Silva and Anibal Dau, both Corelca officials.

3. Taking into consideration the report by the Evaluating Commission, which states that there are reasons to believe there was illegal handling of the information by the aforementioned power-generating companies, I have ordered and requested the corresponding authorities to dismiss the following managers: Hernan Correa, manager of Corelca; Eugenio Castro, director of the Autonomous Corporation of Valle del Cauca; and Lazaro Mejia, manager of the Santa Fe de Bogota Energy Company.

Douglas Velasquez, the former ICEL manager; and Oscar Mazuera, the former manager of the Valle del Cauca Autonomous Corporation, are also under this category and must be investigated.

4. At the request of the comptroller and the proper authorities, I have ordered the suspension of the following officials while the investigations take place: Carlos Enrique Moreno, Medellin Public Enterprises manager; Jaime Velez, an official working for those enterprises; Alberto Peralta, a Corelca official; Alvaro (Cadavi) and Silvio Trujillo from ISA; Mario Puig and Guillermo Regalado from the Valle del Cauca Autonomous Corporation; German Corredor from the Bogota Energy Enterprise; and Francisco Ochoa, National Energy Commission secretary.

5. After reviewing the three reports, we feel it is advisable for the Attorney General's Office to investigate the following people linked to the energy sector in the past: Pedro Javier Soto, former ISA manager; former energy and mines ministers Oscar Mejia Vallejo, Margarita Mina de Quevedo, and Luis Fernando Vergara Monarris; and Luis Fernanado Alarcon, former finance and public credit minister.

6. At the request of the comptroller and bearing in mind the report issued by the Fifth Commission of the Senate, I have asked the Attorney General's Office to investigate many officials linked to the ISA board of directors and the energy sector's operations committee. I believe it is important to ask the finance and labor ministers, as well as the evaluating commissions, to conduct an investigation of the officials who, on behalf of the government, signed collective bargaining contracts that have adversely affected the energy sector and our national interests.

I want to clarify that this will not help us recover our electricity or solve the energy sector's problems, which are numerous and very serious, but it will serve as an example in the public sector of the enormous responsibility that lies on the shoulders of any official or person who may have access to taxpayers' money, as well as those in charge of managing public institutions. I will also explain how we will minimize the power rationing in 1993, even if there is a short rainy season in 1992.

1. Power-generating barges will dock in our ports in a short time. They have the capacity to generate 100 megawatts.

2. We have simplified procedures to repair all our thermal plants in a short time. This work will yield its first results within the next few weeks and it will be finished within 12 months. Repair work in our thermal plants and the construction of two new units by Ecopetrol [Colombian Petroleum Enterprise], which will be ready in three months, will give us 190 additional megawatts.

3. We will complete our power interconnection process with Venezuela. This will account for 100 megawatts of power this year in addition to the 60 megawatts, which we are already purchasing from our neighboring country through Cucuta.

4. Corelca has initiated a process for the purchase of energy, with which it will step up its capacity by 120 megawatts. This adds to the 100 megawatts, which the private sector will generate in Cartagena in the short run.

5. We have accelerated the construction and the granting of contracts to move up the El Guavio construction schedule by six months. The first unit capable of generating 200 megawatts should start operating. This adds to almost 900 megawatts of power and represents a significant increase in Colombia's power-generating capabilities. It will constitute a safety margin for us to guarantee energy service even in times of little rain and drought.

6. Just as we have done with El Guavio, we have proceeded to expedite the completion of the Rio Grande 2 Dam and we hope it can be inaugurated in May 1993, five months ahead of schedule.

7. We are drafting an expanded plan for the energy sector to be implemented next month. It will help us provide an adequate energy supply during the entire decade.

The energy sector requires very deep reforms and we are working on them. We initiated the reforms by submitting the energy bill to Congress several weeks ago. In the same manner we have capitalized on the enterprises of the electricity sector and have made important investments to bring it out of its financial crisis. The sequence of events that has led us here—the technical and evaluation errors; the dry spell; the mixture of politicking, mismanagement, and corruption; and the ill-understood trade unionism—must never be repeated. The guerrillas share a large part of the blame in this terrible rationing. There is no doubt that blowing up power towers is an attack against the entire nation. You elected me so this would not happen and I will see to it that it does not happen by making the necessary decisions.

Fellow citizens, I wish I could tell you that everything is over and that these days of sacrifice have ended, but that is not so. We still have some weeks of difficulties ahead of us. We must face them with the same integrity, patience, and solidarity with which we have faced them

for months. We will come out ahead soon. The government is working hard to bring the country out of this crisis. Colombians can rest assured that I will not tolerate having some vested interests continue to prevail over collective interests in public administration. Colombians can trust that I am personally determined and committed to the struggle in which some persons did not have the character to tell us the truth and tried to deceive the country to cover up their own mistakes with the cloak of impunity.

We will come out ahead because the history of humanity is the history of great countries; I have said this before. This country grows in the face of adversity and intelligently overcomes difficult moments. We have won other battles. We have left behind other dark nights, such as those during which we experienced the bombs of narcoterrorism. Rest assured, that if we all assume that group responsibility, if we all unite as a team, and if we all occupy our position on this team, which is Colombia, we will change the course of Colombia's history up to now. I believe that by uniting in times of adversity we will leave behind these difficult days. We will come out ahead to forge a prosperous fatherland and will take Colombia to the threshold of the 21st century, on the path of peace, welfare, and progress. Good night and thank you very much.

Senate Commission Issues Report on Energy Crisis

PA3105144392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 29 May 92

[Report by Arturo Galvis]

[Text] All the top energy officials denounced by President Cesar Gaviria in his 28 May speech say they are prepared to account for their actions, although none of them feels directly responsible for the rationing. A report released by the Senate's Fifth Commission on 29 May stated that competition among energy companies led to depletion of the dams.

[Begin recording] [Galvis] Not one of the energy sector officials denounced by President Cesar Gaviria last night is directly responsible for the rationing. They must share the responsibility because that is the structure of this patchwork called the energy sector, built on the sum of large and small energy companies without definite chains of command. The Fifth Commission members, however, are adamant:

[Senator Claudia Blum] We must identify the responsible parties and punish them, because that is what the country expects.

[Senator Jairo Calderon] Two groups must bear the responsibility: one consists of officials who made the wrong decisions, and the other consists of officials who were negligent in performing their duties.

[Galvis] What impact should this report have?

[Senator Salomon Nader] The most important effect would be a reanalysis of the future energy plan. I mean the thermic component should be increased to reach at least 35 percent. The second measure is to tell public officials they must perform a function and carry it out in a competent and efficient manner. Those who fail will follow the example being set here: They will get the ax. [end recording]

Gaviria Visits Site of Guerrilla Offensive

PA3105142492 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 29 May 92

[Report by Raul Gutierrez—recorded]

[Text] [Announcer] In the wake of this week's foiled attempt to take over Dabeiba, Uraba, Antioquia Department, President Cesar Gaviria, Defense Minister Rafael Pardo Rueda, General Eduardo Roca, commander in chief of the Armed Forces, and Army Commander General Manuel Murillo visited the war zone on 29 May. Approximately 500 Revolutionary Armed Forces of Colombia rebels are on the run, and the people are publicly supporting the government and the military forces.

[Gutierrez] Only one soldier out of the 20 missing on the first day of combat is still missing. Four FARC fronts that tried to stage a takeover wanted to show the alleged strength of the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] following the suspension of the talks in Mexico. With their operation foiled by the military's timely response, it becomes clear that their strength lies in terrorism and their political decline is complete. The people of Dabeiba conveyed that message to Gaviria, who answered them with a strongly-worded speech.

[Begin Gaviria recording] The CNGSB members unfortunately have not shown us they understand the views of the Colombian people and society. All they have shown us is that they want to continue the violence, terrorism, kidnapping, and extortion. [end recording]

[Gutierrez] Gaviria visited military camps and a health center for the wounded. He promised to create more mobile brigades. He also said he will not authorize regional talks with guerrillas, and governors who do so would be investigated by the Attorney General's Office. The president, who praised the soldiers and gave them unprecedented support, is also aware his government is not having an easy time.

[Begin recording] [Unidentified reporter] How is your rating?

[Gaviria] [laughs] The president is aware these are very difficult times. The energy rationing problem, in particular, has weakened the president's image. All that does is pose new challenges for the president. He must continue

to govern, to face problems, and to understand the outrage, protests, and unhappiness of the people. [end recording]

[Gutierrez] The president was informed in Dabeida that the four fronts that attacked the area for a week were repelled.

Rebels Submit New Negotiation Proposal

PA3105185092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 31 May 92

[Report by Jesus Garcon]

[Text] The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] has issued to Congress a proposal for a new negotiating process to stop the armed confrontation. The proposal, which Senate President Carlos Espinosa Faccio-Lince will announce on 2 June, is intended to clear the way for the peace talks.

[Begin CNGSB spokesman Alfonso Cano recording] I am truly optimistic. Amid all the difficulties, the whole country is showing a tremendous interest in finding a political solution. [end recording]

The CNGSB document makes the following proposal to the government:

[Begin Cano recording] We are ready for anything so long as there is a bilateral agreement and the government does not want to subdue us at the negotiating table. [end recording]

The rebel spokesman in Tlaxcala, Mexico reaffirmed they will only release 12 soldiers and policemen, because that is all they are holding.

To Release Soldiers

PA3105153792 Santa Fe de Bogota Inravision Television Cadena 1 2300 GMT 29 May 92

[Text] The visit by Senate President Carlos Espinosa Faccio-Lince to the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] in Tlaxcala, Mexico has ended. Describing it as a goodwill gesture, the CNGSB on 29 May pledged to release 12 members of the Police and Army being held hostage.

The release of 12 servicemen announced by the guerrillas does not even represent 50 percent of all the men in uniform held by the CNGSB. At present, the rebels are holding approximately 67 men, including soldiers and policemen. The list of servicemen being released, which was read by CNGSB spokesman Alfonso Cano in Tlaxcala, consists of seven soldiers, one Army civilian employee, three policemen, and one Navy lieutenant. Police Lt. Wilson Aguirre was kidnapped on 19 March 1991 and has been held the longest. Police Sergeant Efrain Ortiz was taken hostage in Medellin one month later. Agent Hernen Narvaez was taken hostage last February. The 41st Front of the Revolutionary Armed Forces of Colombia [FARC] kidnapped Navy Lt. William Alvarado in July of 1991. He was held with Lt. Morris, who was killed in April. As for the Army members, it was reported that one of them is a civilian. His name is Arcadio Reina. Soldiers Ruben Dario Beltran and Segundo Fernando Fuentes, whose release was announced, have not yet been reported kidnapped by the Army. Corporal Diomedes Elias Escun, who fell in the hands of a FARC guerrilla front on 1 June in the Orteguaza River, has been held the longest of all the Army soldiers.

Urged To Release All Kidnapped

PA3105225192 Mexico City NOTIMEX in Spanish 1805 GMT 30 May 92

[Text] Santa Fe de Bogota, 30 May (NOTIMEX)—Horacio Serpa, presidential adviser for peace, said on 30 May that the Colombian guerrillas' decision to release 12 soldiers is "a positive step for the resumption of the peace dialogue."

Serpa, who heads the government's delegation to the talks in Tlaxcala, Mexico, added that "in order to show their willingness to seek peace, the guerrillas should tell all Colombians they will release all the other persons they are holding."

The Simon Bolivar National Guerrilla Coordinating Board (CNGSB) guerrillas announced on 29 May in Tlaxcala they will release 12 soldiers they are holding "as an expression of our sincere wishes for peace."

The CNGSB added that the officers and soldiers will be turned over to a commission from the Colombian Congress, as it was agreed with Congress President Carlos Espinoza. The latter will return to the country within the next few hours after carrying out these efforts to reactivate the negotiations in Mexico.

"If the guerrillas also release other persons they are holding in Santander, Antioquia, Cesar, Cundinamarca, and Magdalena, this could be considered a positive step for the resumption of conversations," Serpa said.

He announced that whereas the dialogue with the CNGSB remains frozen, contacts with the Socialist Renewal Movement—a dissident group from the National Liberation Army—are on the right path. "We believe that by June we will begin the peace process with them," he pointed out.

The Colombian Government reiterated on 30 May that it will resume the dialogue with the guerrillas in Mexico only when the kidnapped persons are released and a cease-fire is declared.

The talks in Mexico recessed for at least six months after the parties did not reach an agreement on the priorities of the agenda.

Congress President Proposal

PA0106164092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 1 Jun 92

[Text] Colombian Congress President Carlos Espinosa Faccio-Lince will propose peace negotiations without a cease-fire. Espinosa, who has just returned from Mexico where he discussed peace possibilities with the guerrillas of the Guerrilla Coordinating Board, emphasized the need for giving the peace process a new and definitive turn.

The president of the Congress came back from Tlaxcala, Mexico, with a very clear mind. After talking with the guerrillas, he reached the conclusion that the peace policy must be redone. In other words, dialogues and negotiations must first be held in order to put an end to the armed conflict. Currently, in order to hold the dialogue, it is being required that the conflict end first.

[Begin Espinosa recording] We must understand that, in the midst of the conflict, we must hold talks to find ways to begin political negotiations. Once the political negotiation process is underway, then, logically, the most difficult topics will have to be discussed. These topics include kidnapped and missing persons, as well as the cease-fire. [end recording]

With this suggestion, the high-ranking congressional official insists that the guerrillas must be provided with political opportunities in exchange for armed confrontation.

[Begin Espinosa recording] They should have an active political role within democracy, and not a political role within the armed struggle. [end recording]

As for the release of the military officers being held by the guerrillas, Espinosa Faccio-Lince stated this was a unilateral decision by the rebels, and it will take place on the week of 7 June.

[Begin Espinosa recording] I hope to speak with the president of the Republic, so we can receive the members of the Armed Forces. [end recording]

Espinosa Faccio-Lince will appear on 2 June before the Senate to disclose the guerrillas' proposal, which seeks to resume the peace negotiations.

Bombs Damage 5 Banks in Bogota, No Casualties

PA0206044492 Paris AFP in Spanish 0420 GMT 2 Jun 92

[Text] Santa Fe de Bogota, 1 Jun (AFP)—At least five bombs exploded on the evening of 1 June in bank branches throughout Santa Fe de Bogota. The explosions caused no casualties, but considerable damage, according to the Metropolitan Police.

According to the sources, the bombs—containing between 1 and 5 kg of dynamite—exploded at two Coffee Bank branches, one Popular Bank branch, one Central Mortgage Bank branch, and one Western Bank branch. The bank branches are located in the central, southern, and northern parts of the Colombian capital. No group has claimed responsibility for the attacks.

Army Clashes With Rebels in Chameza, Casanare

PA3105201492 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1700 GMT 31 May 92

[Text] Army troops are reportedly clashing with Simon Bolivar National Guerrilla Coordinating Board rebels in Chameza on the border of Boyaca and Casanare Departments. A few minutes ago, Army Commander General Manuel Murillo spoke with NTC Noticias reporters.

Two soldiers and nine guerrillas have died in the last few hours in clashes between the Army and FARC [Revolutionary Armed Forces of Colombia] in Chameza, Casanare Department. Gen. Murillo commented on reports by civilians in Dabeiba according to which peasants from that area were murdered by Army antiguerrilla units.

[Begin Gen. Murillo recording] The civilian population has certainly [words indistinct] accidents and incidents, which are being investigated. If these accidents were caused by the troops, we will investigate them, because that is our duty. [end recording]

According to Army intelligence reports, at this hour a helicopter belonging to the company Aero Expreso, which covered the Yopal-Pori route, is in the hands of the rebels. Meanwhile, air carrier Aero Taca is negotiating the release of crew members of plane HK2760 and permission from the rebels to move the plane.

[Begin Gen. Murillo recording] The pilots are in the hands of the guerrillas. I am sure the guerrillas are demanding a ransom. [end recording]

The Army commander concluded that, following the break in the peace talks, there is no reason to stop a general offensive against the guerrillas.

* Economic Integration Delays, Priorities Viewed

92SM0399A Santa Fe de Bogota EL ESPECTADOR in Spanish 26 Apr 92 p 1B

[Article by Henry A. Rodriguez B.: "Looking for a Bloc"—first paragraph is EL ESPECTADOR introduction]

[Text] The institutional problems of Peru, the slowness of Ecuador to take action, and the political instability of Venezuela place the viability of the Andean Group in question. For now, the priority is integration with Mexico, Chile, and the United States.

The Andean Pact had hardly begun to fly when it began to fall apart.

What happened to it was the same thing that happened to the "Challenger," the U.S. space shuttle, which only flew for 75 seconds, although it was out on the landing strip for several years.

The crowning blow to the Andean Pact was delivered by Peruvian President Alberto Fujimori, who issued a supreme decree on 21 April that eliminated customs preferences for products from the Andean countries.

In practice this means that our southern neighbor has withdrawn from the free trade area and has reestablished duties of 15 to 25 percent on Peruvian imports from Colombia, Venezuela, Ecuador, and Bolivia.

The reaction was not long in coming. On 22 April the Colombian Government announced the cancellation of the Andean trade preferences granted to Peru.

As a result customs duties of 5, 10, 15, and 20 percent will be collected on goods coming from Peru.

This economic decision was accompanied by a political statement read by Foreign Trade Minister Juan Manuel Santos in which he said:

"The Colombian Government views with concern the fact that the Peruvian authorities not only have abandoned respect for democratic principles and the validity of a constitutional system but are also moving away from respect for Peru's international obligations, threatening the validity of treaties and institutions that cover Andean integration."

Before it learned of the trade decision made by President Fujimori, Venezuela had already condemned the coup d'etat against the Peruvian Congress and withdrew the Venezuelan ambassador from Lima.

For its part, Ecuador is concerned. It has still not forgotten that in November 1991, war was about to break out with Peru over the eternal border dispute between the two countries. The conflict continues with no solution in sight, and there is fear in Ecuador that the armed forces, which support President Fujimori, are acquiring additional power. Trade relations are in limbo.

Furthermore, the attitude of Peru toward the Andean Pact justifies the position of Ecuadorian President Rodrigo Borja, who has avoided committing Ecuador by adopting the Common External Tariff and immediately entering the Andean free trade zone.

On the other hand, Bolivia has adopted a neutral position regarding Peru and the Andean Pact. The government of this country has still not rejected the possibility of establishing ties with Mercosur [Common Market of the South], a bloc of countries with which it has more in common culturally and economically than with the Andean countries.

This whole situation has made it necessary to freeze the Andean integration process and even to reverse action already taken, such as the elimination of tariff duties.

Fujimori's attitude has intensified the bad record of the Andean Pact during its 24 years of existence, particularly its lack of credibility.

Who believes Fujimori? Who guarantees that social discontent among the Venezuelan people will not lead to another attempt at a coup d'etat? These questions are reversing the process of integration.

The doctors of Andean trade diplomacy have tried to minimize the events in Peru, arguing that this involves a passing phenomenon. Nevertheless, everyone knows this is not the case.

And What About Colombia?

In the middle of this Andean whirlpool is Colombia, which seems to stand alone in terms of its neighbors, at least temporarily.

Although the government does not recognize it, the instability of Venezuela and the recurrent theme of the demarcation of maritime and submarine waters leave a certain feeling of anxiety in the business sector.

Things are not going well with Peru. Neither are they going well with Ecuador because that country has not been willing to commit itself to the Common External Tariff of the Andean Group. Trade with Bolivia is not very substantial.

Finally, the concept of Andean integration is disappearing. Or, put more correctly, things are continuing as they have been for the past 22 years.

Colombia is left with the option of the Group of Three—that is, integration with Venezuela and Mexico. However, things are not clear in this case, either. The difficulties with Caracas are those already mentioned, and the Mexicans are more concerned about their negotiations with the United States.

Chile, with whom conversations have already taken place, also presents obstacles because that it is on the waiting list, after Mexico, to sign a free trade treaty with the United States.

Notwithstanding the above, the Colombian Government already has defined its international negotiating priorities regarding certain markets, integration programs, and international organizations.

Total Exports by Destination (in Percentages)

Area	1989	1990	1991*
A. Latin America and the Caribbean	15.5	16.4	23.8
ALADI [Latin American Integration Association]	9.2	9.8	14.5
Gran [Andean Pact]	5.5	5.7	10.3
Remainder	3.7	4.1	4.2
MCCA [Central American Common Market]	1.0	1.0	1.5
CARICOM [Caribbean Community]	0.1	0.5	0.2
Rest of Region	5.2	5.1	7.6
B. North America	44.6	45.4	35.6
Canada	1.5	1.0	1.0
United States	43.1	44.4	34.6
C. Western Europe	28.8	28.3	35.6
EEC	25.7	25.4	27.4
Rest of Western Europe	3.1	2.9	3.2
D. Rest of the World	11.1	9.9	10.0
E. Total Value (in millions of U.S. dollars)	5,739.4	6,765.0	7,479.0

* Projection based on data as of October 1991

The United States

The most important thing for Colombia is negotiating with the United States. To do this, emphasis will be placed on the elimination of nontariff barriers which limit access to the U.S. market.

Bilateral negotiations will continue, using three fundamental mechanisms: the Americas Initiative, the Andean Initiative, and discussions within the context of GATT.

Regarding the Americas Initiative, Colombia will continue its support for the long-term goal of establishing a hemispheric free trade zone. For this purpose it will continue the negotiating process, which was started under the bilateral framework of an agreement on trade and investment to facilitate consultations, remove obstacles to reciprocal trade, and promote business cooperation.

At the same time, Colombia will advocate following the negotiation and implications of the North American Free Trade Agreement and continuing to take appropriate, precautionary action as integration deepens over the longer term within the trading bloc of the U.S., Mexico, and Canada.

The second mechanism will favor broader and tariff-free access to the U.S. market during the next 10 years. This involves the recently approved law for the concession of nonreciprocal tariff preferences to Andean countries.

The Ministry of Foreign Trade will promote better use of the benefits provided under this law by clarifying the requirements for access, adopting technical standards, facilitating the satisfaction of sanitary requirements, identifying exportable items, directly promoting projects for foreign investment, and other, similar arrangements.

The third system for negotiations with the United States is within the framework of GATT. The change of its name to the Multilateral Trade Organization will provide it with powers that cover practically all goods involved in world trade.

Colombia will use the new multilateral mechanisms to oppose unfair competition in its own market, obtain additional concessions in sensitive sectors, and defend its exports, which are frequently exposed to the imposition of restrictive measures in the U.S. market.

The EC

The second priority of Colombia is to draw closer to the European Community, improving the position of its exports in the markets of the member countries and making use of the dynamic benefits the consolidation of European integration will provide after 1993.

The third area of priority is regional economic integration with the countries and trading blocs of Latin America and the Caribbean area.

This is intended to develop competitive areas of free trade and to adopt community commitments that provide stability to the policy of openness.

In this context the Andean Group is a less important area because Colombia's two great trading partners are the United States and the EC. Furthermore, if Peru withdraws from the Andean Pact, the treaty will die.

Once again, the political instability of the area is placing the dream of Bolivar out of reach.

The Andean Group's problems have left Colombia without a strong trading bloc, and as a result greater interest is anticipated by the Group of Three, as well as in negotiating with the largest comglomerates of North America and Europe.

While this is happening, Mercosur is taking further steps toward integration. North America is doing things on its own, and the EC is becoming increasingly consolidated each day.

For the moment a trading bloc is being sought.

Peru

Fujimori Addresses Nation, Reviews Events

PA0206052492 Lima Radio and Television Networks in Spanish 0333 GMT 2 Jun 92

[Address to the nation by President Alberto Fujimori from the Government Palace in Lima—live]

[Text] Compatriots, a very good evening to you. In a few days it will have been two months since my administration made the decision to save the national reconstruction plan initiated on 28 July 1990 from the threat of a political constitutional blockade and the increasing deterioration of certain fundamental institutions.

To rebuild the country and establish the bases for its overall development it was necessary for the political system to be modernized, for democracy to be placed at the service of development and of the people. That was possible only through authentic democracy.

I went to the Bahamas to inform the American foreign ministers gathered there of the essence and scope of that decision. An entire campaign had been orchestrated, both here and abroad, to make the international community believe three things: First, that popular support would not be constant because it was circumstantial; second, that a long-lasting and terrifying dictatorship was being established; and third, that partocracy [partidocracia], or more accurately the top party leadership, had broad popular support.

Let us look at how false it all is. Popular support has been solid; no one can deny that the Peruvian people have experienced personally the inefficiency and frivolity imposed on the parliament by the partocracy, as well as the corruption and extreme politization of the judicial branch. The history of these and other institutions long had been known to Peruvians, hence their rejection of their modes of operation.

The argument that most benefited the opposition abroad was that my government planned to establish an iron dictatorship in which opponents would be persecuted implacably and freedom of the press would be abolished. Any foreigner who is a friend of Peru and who is interested in democracy and human rights can see in the newspapers and magazines of the past two months how false a charge that is. The government is the target of attacks and criticism, even venomous ones, and of campaigns waged and sustained by groups that have lost privileges. Many of the campaigns are being waged through media with very low circulation. How are they sustained? Who finances them, and why? There they are, and they will continue to exist, as they have existed for the past two years.

The matter of persecution also deserves clarification. There are those who would like to be persecuted in an attempt to revive political periods with an aura of heroism and idealism, but those times are long gone. No one here can maintain the charge that he is being persecuted or that he lives underground. The government is not to blame if some citizens are persecuted by their own consciences.

As for the third point, it is enough to say that the entire citizenry has expressed its rejection of groups that use party apparatus for their own purposes. I said in the Bahamas that while it is true that there is no democracy without parties, it is also true that parties can kill democracy.

These points were made clear in the Bahamas. Our message and intentions were understood, and the adverse climate that had been irresponsibly nurtured by some politicians was converted to a climate of understanding that kept Peru from being isolated. Those who have worked full-time here or abroad to have sanctions applied and aid suspended have cared very little for the people of our country. They wanted the OAS to sanction Peru so that everything could be the same, so that there could be a return of the dismissed bicameral parliament. They argued that the parliament—that large, heavy, thick-skinned pachyderm that you know well—already had everything ready before 5 April to carry out a thorough reform. Obviously, no one has believed that assertion.

We want a full democracy, without moving backward. I am not going to retreat by reopening the old congress and I am not going to restore the old judicial branch, which is being reorganized. This is essential, and the fact the people agree with this is also essential. The Peruvians want a true democracy, and we will secure it. There should be no doubt about that. The people abroad know what we are seeking, that is why there have been no sanctions. Those opposed to the 5 April event, view that fact more as an offense than as a defeat. They wanted the government to be punished for listening to the people.

The fact is that those who promoted an antinational campaign to damage the project the Peruvian Government and people have been carrying out since 28 July 1990, have been neutralized.

Time has proven that the people, not the government, are right. In almost 60 days, it has been established that

historic blindness has been responsible for Peru's backwardness and underdevelopment. This step, this break with the past, this pact with the future, was necessary. I have made a firm commitment to the people of Peru. That is why I went to tell the American foreign ministers that we are trying to perfect our democracy and that we will live in a political system with guarantees for full liberty to human beings. I am not afraid of truth and reality. Those who do not want hear about referendums or consultations are afraid of the people's will. They are afraid of losing everything if they expose themselves to the will of a referendum, so they avoid it, skip it. Consultations and political parties coexist in advanced democracies; the Peruvian people deserve that situation also.

It is not the government that stubbornly wants to push for a popular consultation. The people have the right to participate in the process.

As I announced in the Bahamas, elections to the Democratic Constituent Congress [CCD] will take place on 18 October and the product of the work of that assembly, the proposed constitution, will be submitted to popular consultation.

There are reasons of principle for which that should be underlined. The constitution, which would be the constitution of the 21st century, must not be the result of an imposition by a government or by a congress, regardless of how respectable and representative they might be. The people are the framework and the context of the constitution and they must make the final decision, they must give their approval. The people must make known their proposals throughout the process. That is why we must discard traditional mechanisms. The work of the CCD will be unique, so its members must devote themselves to the work with no political ties or commitments of any kind. For that reason I have thought, and reiterated, that the members of the congress will not be able to serve in the next two consecutive parliaments.

Perhaps that requirement would represent a huge and impossible sacrifice for any professional politician, for those who live off politics. It will not be so for any Peruvian citizen who has merit and who wants to contribute unselfishly to the country's well-being with his knowledge and experience.

How many independent Peruvians, party members, scientists, technicians, workers, and businessmen would be willing to help, without thinking about juicy salaries, privileges, or a promising political career?

The country expects moral integrity and unselfishness from the men who will work on this project.

As I said in the Bahamas, the Constitution of 1979, with the exception of all the articles that would render the government's work unviable, will be in effect during the transition period, that is, until the people approve the new constitution.

We must set an example for the people. We must transcend that wordy, empty, inefficient, and corrupt democracy that no longer fits the reality of our countries, as an illustrious Latin American writer once said. I am asking all Peruvians to carry out this pledge on the stipulated dates. Of course, implementing the process will also affect the country's economic functions. We must resume our rhythm and step up the economic process, which will make definitive Peru's stabilization and full return to the international community. We must continue controlling the crisis, and if possible, step up the process.

In the Bahamas, Peru also won when it was acknowledged that the leading violator of human rights is terrorism. Unfortunately, there was a mistaken view of the issue, a view that overlooked the suffering of thousands of victims of a fanatical and criminal ideology, but which was overly careful in the most minute details regarding the rights of the assassins. For us, human rights are for all human beings, for all the Peruvian and foreign citizens in our fatherland, not just for terrorists. So the scandal of ignoring the rights of 22 million Peruvians was revealed.

I believe that the United States, Japan, Europe, and the friendly countries participating in the support group have understood fully that we are seeking a market economy and democracy that will tune in to the waves of modernity. By no means will there be less democracy. On the contrary, there will be more democracy because Peruvians now will display their free initiative without the controls and hindrances imposed by mercantile, bureaucratizing, partisan, and undemocratic privileges.

We are trying to create economic and political democracy because with an equality of opportunities the Peruvian people will have access to wealth, justice, and knowledge. We want Peru to be a country of business and free thinking. Within this context we must initiate a dialogue, an essential requirement for the formalization of institutions. That dialogue will involve not only the conversation that the president of the council of ministers will initiate with the political parties' accredited spokesmen but will take into account, as a priority, the opinions of the people, who are the authentic sovereign in any democratic process.

I believe it is my unavoidable duty as president of Peru to consult the people who—I repeat—are sovereign, regarding the exact reforms they would like, the scope of those reforms, and what should be changed in this country on a priority basis to make the government's decisions more accessible from a democratic standpoint, and to meet the needs of the people who always have been held back.

Herein will lie the exemplary character of this democracy, a democracy linked to the country's full economic, social, political, and cultural development. This democracy will be an instrument for the country's full modernization. That very important step—the election of the CCD, which will guarantee the balance of power—must

be a firm step forward. The people's resolve must not be deceived one whit. The people have said clearly that they do not want a large parliament. Thus, the government will call the constituent congress and propose a unicameral system and that the CCD be made up of 80 people.

We will find a means through which the people can reaffirm that position. Very often we have discussed the guarantees that will lead to a new Magna Charta. The guarantors are precisely the people. What other guarantee can be demanded?

I take this opportunity to thank the OAS for having understood my government's position and for the support that organization offered to strengthen the electoral process technically. The honesty and lawfulness of the elections will be confirmed by the presence of observers from the inter-American system.

Then let us join, Peruvians of good will and democratic spirit, in undertaking Peru's great reconstruction and great modernization. Let us leave behind decades of backwardness and of economic, social, political, and cultural underdevelopment. Our desire for progress is legitimate and the representatives of neighboring countries have understood that. Let us continue to work eagerly, without dismay, as we did prior to 5 April, to overcome the crisis.

Work and peace is what millions of Peruvians desire. Let us seek those two things, with which we will build the Peru of the future. Thank you very much. Good evening.

Garcia Makes Statement About Election, Asylum

PA0206053492 Lima Radio Programas del Peru Network in Spanish 0455 GMT 2 Jun 92

[Statement by former President Alan Garcia, secretary general of the American Revolutionary Popular Alliance; place not given—live or recorded; monitored in progress]

[Text]...the attack on my residence, the charges about weapons, the plans to initiate a closed trial after appointing judges and changing laws. If under these conditions the American Revolutionary Popular Alliance [APRA] were to participate in the elections, it must not, it cannot participate while the status of its secretary is that of an outlaw, or conditioning its participation to the status of a person.

For two years, I have faced every kind of accusation and political revenge from adversaries. Within the framework of democracy, I was able to confront and overcome them. Now it is different because under a dictatorship there is no law and no truth. There is only a circus.

It is for this reason that I will take advantage of an authorization from APRA to go abroad. Wherever I may go, I will continue working for liberty, for the law, and for social justice: the causes of the people.

Colombia Awaits Safe-Conduct

PA0206032192 Lima Global de Television Network in Spanish 0129 GMT 2 Jun 92

[Text] We have information on former President Alan Garcia's request for political asylum. On 1 June, Colombian Foreign Minister Nohemi Sanin de Rubio reported she was waiting for the Peruvian Government to issue a safe-conduct that would allow the former president to leave the country.

[Begin recording] [Sanin] In a few hours the Peruvian Government will answer us about the safe-conduct.

[Unidentified reporter] When will he arrive in the country?

[Sanin] We do not know yet. We still have not received the safe-conduct.

[Second unidentified reporter] Why did Colombia agree to receive Alan Garcia?

[Sanin] Because the necessary political asylum requirements have been met. You will recall that Colombia has a long tradition of granting political asylum.

[Third unidentified reporter] [question indistinct]

[Sanin] For political reasons. He does not feel safe in Peru. We have given him political asylum and reported it to the Peruvian foreign minister. I believe that we will get a reply from the Peruvian Government about the safe-conduct in a few hours.

[Fourth unidentified reporter] [words indistinct] according to what he said to the Colombian Government?

[Sanin] Once we get the safe-conduct we will give you the details. He was not explicit. He said he felt he did not have political guarantees and that he was not safe. [end recording]

Safe-Conduct Granted

PA0206150892 Lima Panamericana Television Network in Spanish 1200 GMT 2 Jun 92

[Text] After former President Alan Garcia Perez sought refuge at the Colombian Embassy, militants from the American Popular Revolutionary Alliance [APRA] and members of the dissolved Congress gathered outside the mission, located in the San Isidro District. Deputy Jorge del Castillo arrived later and, after talking briefly with APRA leaders, he told reporters that the Colombian Government is in charge of getting Garcia Perez out of the country aboard a Colombian Air Force airplane, which landed early this morning at Jorge Chavez Airport.

[Begin recording] [Del Castillo] Some people want to mislead the public by saying Garcia is getting diplomatic asylum and not political asylum. Allow me to explain the difference. When a citizen who is persecuted in his

country appeals to a diplomatic mission, that country —the country that grants the asylum, which in this case would be Colombia through its embassy—grants that person diplomatic asylum. If Alan Garcia was not in Peru but in Colombia—with no possibility of returning to his country, because if he did his life would be in jeopardy—he could ask for asylum in Colombia or in another country. That case would be called political asylum. I make that perfectly clear, because ill-intentioned people, or even some ill-informed reporters, may say: you have been granted diplomatic, but not political asylum. Deep down these two things are the same, because diplomatic asylum is also political in nature. The terms have a distinction, however: either the embassy of a country grants diplomatic asylum, or political asylum is granted outside the country by another country.

[Reporter] Do you feel Dr. Alan Garcia's trip may be interrupted if he does not have the appropriate safe-conduct pass?

[Del Castillo] I understand that is not so. The safe-conduct pass will be issued, but under unusual conditions; for example, it is being issued at midnight, and there are other unusual aspects. [end recording]

Foreign Ministry officials arrived at 0530 to deliver the safe-conduct pass to former president Alan Garcia Perez. The Foreign Ministry officials, who were accompanied by four policemen, escorted Garcia to the airport. Mrs. Pilar Nores, the wife of the former president, arrived at 0600 with their two youngest children. She said she was not traveling to Santa Fe de Bogota.

Garcia Departs

PA0206153292 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1505 GMT 2 Jun 92

[Text] Santa Fe de Bogota—Former Peruvian President Alan Garcia turned himself over [se puso a disposicion de] on 2 June to Clemencia Forero, a Colombian official entrusted by the Colombian Government to handle his transfer from the Colombian Embassy in Lima to Bogota.

The former Peruvian president—who has been granted Colombian asylum now—was seen off at the Jorge Chavez International Airport in Lima by his wife, Pilar Nores de Garcia; his two daughters; and Colombian Ambassador Jaime Gutierrez. Many supporters applauded his arrival at the airport, despite the strict security measures imposed by the police.

Officials from the Lima airport control tower told Caracol that Deputy Jorge Del Castillo, who is Garcia's personal lawyer, also boarded the plane.

The Colombian Air Force Cessna plane, which is normally used by the defense minister for his travels in Colombia, left with its illustrious passenger at 1000 and is estimated to arrive at about 1330 at the Catan Military Airport in Bogota.

San Roman Not To Participate in Elections

PA0106154192 Lima Panamericana Television Network in Spanish 1200 GMT 1 Jun 92

[Text] Engineer Maximo San Roman voiced his satisfaction with the considerable progress made toward reestablishing institutional rule in the country. He referred to the outstanding work by the OAS mission, headed by Uruguayan Foreign Minister Hector Gros Espiell, but noted he will not participate in the upcoming elections.

[Begin recording] [San Roman] I think we have made major progress, because we forced the de facto ruler to turn back his plans to remain in power. In that respect, all Peruvians must realize we must work together, because the crisis cannot continue. We know the productive sector is about to close or go bankrupt. Many businessmen are desperate, and they are not the only ones. Small-and medium-scale industries are desperate, too. I believe we must all work to overcome this situation as soon as possible with sincerity and humility, not with arrogance and stubbornness.

[Unidentified reporter] Are you prepared to participate fully in the democratic constituent congress?

[San Roman] I will not participate personally in the congress or the elections. I will watch every step taken to restore democracy. I think we all have to sacrifice something, even though we recognize we can make important contributions.

[Reporter] In the closing session of the second ordinary legislature, Dr. Felipe Osterling said a talk between you and President Alberto Fujimori would be very important. Are you prepared to talk?

[San Roman] The country demands it. Talking is the only way rational people can understand each other. If we place the major national objective at the forefront, nothing can separate us and everything can bring us together. I think we must seek what I have said from the first day: namely, the reconciliation of our people. We cannot go on creating divisions. We cannot continue fighting with each other. We must all work to rebuild the country but without spreading or instilling hatred. That would be very dangerous in the long run. [end recording]

Members of Dissolved Congress Close Session

PA0106165092 Lima Panamericana Television Network in Spanish 1200 GMT 1 Jun 92

[Text] Members of the dissolved national parliament closed the sessions of the second ordinary 1991-1992 legislature. The Chamber of Deputies closed its sessions at the San Miguel Civic Center and the Senate at the Peru Room of the Hotel Crillon. Afterward, they established the Permanent Commission.

[Begin recording] [Unidentified Chamber of Deputies speaker] Unfortunately, I do not have at hand all the chamber's files, because I have not even been allowed to

withdraw them. However, against all odds, our work has been much more productive than that of the previous leadership. We approved very important laws.

For example, we approved a law on family violence—which is pending discussion in the Senate—modified the Magistrate's Council to ensure the open nomination of magistrates, and approved a parliamentarian control law. The president may not like it, but it is a good law. In addition, we have maintained our oversight duties by charging a former president of the Republic and five magistrates or ministers. The latter are cases pending in the judicial branch. We have prepared charges against five Supreme Court magistrates, which was approved by a majority vote. Thus, we have been much more efficient than expected, despite the limitations we have faced.

[Felipe Osterling, president of the Senate] In the present situation, the promotion of peace, development, and democracy should be a task for all of us, at least for all of us who are determined to achieve these goals. The coup d'etat has united Peruvians even more. We must reflect upon the values and achievements that were destroyed by the coupist adventure.

Let us hope that, in the future, we will also be successful against other threats to democracy, such as terrorism, drug trafficking, public corruption, demagoguery, and indifference.

Senators: As the person who has the honor of leading the Senate, as we close the second regular legislature, I express my hope that democracy and the rule of law will be restored in Peru and reaffirm that the 5 April action was unjustified. History will judge what has been done since then and what has been done behind the back of the Constitution and democracy. [applause] [end recording]

Politicians Welcome Cancellation of Plebiscite

PA0106205192 Lima Panamericana Television Network in Spanish 1200 GMT 1 Jun 92

[Text] Politicians from different parties have described as a setback for President Alberto Fujimori his decision to rule out a plebiscite. They felt the talks with opposition sectors must resume and demanded guarantees for the elections to the Democratic Constituent Congress.

[Begin recording] [Gustavo Mohme, United Left] I think the decision is the result of an internal struggle or of resistance to the plebiscite and the negative reaction by the OAS. He has reconsidered what could have been an error. I see the decision to back down as positive. To be sure, calling a constituent congress basically represents an agreement by all the country's forces.

[Unidentified reporter] Is it advisable to hold three elections on one date?

[Raul Diez Canseco, Popular Action] It can be done, with the OAS advisory services and its experience with other countries, and also with the economic aid I understand it will offer. It will be a little complex, but the sooner we can get to it.... [pauses] I think the people can make their choice, and we can properly organize the elections. We must review the electoral lists. The National Election Board must be duly established by honest officials to avoid fraud.

[Reporter] How do you view the news of the plebiscite?

[Jorge del Castillo, American Popular Revolutionary Alliance] It constitutes a defeat for Fujimori, in the face of pressure from the country's democratic forces and international pressure. In addition, it is just to have it this way. The attempts by Mr. Fujimori to contrive to legalize his de facto rule through a plebiscite truly constitute an offense to democracy. I think it is good.

[Reporter] Elections will be held in November for the constituent congress. How do you feel about it?

[Del Castillo] The call for elections to the constituent congress could be made soon or during the course of the day. That could be fine; it all depends on the conditions under which they are held.

[Felipe Osterling, Popular Christian Party] I feel the plebiscite means Engineer Fujimori has had to take a step backward because of pressure at home and abroad. His only purpose was to try to ratify his de facto government through a plebiscite. As for the constituent congress, it represents a solution provided—even by the democratic opposition—to the serious problem that arose in Peru. We believe the solution must stem from dialogue. That means that talks must be held between the de facto government and the political forces represented in the Congress of the Republic in order to set a date for the elections, as well as to set the conditions and rules that would govern the constitutent congress. [end recording]

APRA To Challenge Government in Streets

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[Text] Lima, 27 May (NOTIMEX)—The opposition APRA [American Popular Revolutionary Alliance] Party of former President Alan Garcia, warned on 27 May that it will go into the streets to "challenge" the emergency government and "demand" that it restore democracy in the country.

Mercedes Cabanillas, senator of the dissolved Congress, said: "The APRA members will go into the streets to demand the restoration of democracy, respect for the rights of political parties, wage hikes, the furtherance of business, and all the things President Alberto Fujimori should do."

APRA Deputy Secretary General Cabanillas asserted that Fujimori, "far from looking for solutions to the

country's overwhelming problems, has devoted his time criticizing the political parties in an effort to continue deceiving the people."

She stated that the political forces represented in the dissolved Congress agree to end terrorism and drug trafficking and return Peru to the international economic community, as the emergency government has proposed.

Cabanillas, however, stressed the need to "reach agreements on the kind of government we should have, the changes that have to be made in government branches, and the ways to establish a stable and attractive legal system so as to promote private foreign investment."

The APRA official doubted the "impartiality" of the process to elect the "Democratic Constituent Congress" in the next five months and to surmount the political crisis, as President Fujimori promised the OAS in the Bahamas.

Cabanillas made reference to Fujimori's harsh criticism of party leadership, which he called "party dictatorship," and the executive branch's proposal to promulgate an electoral law and a political party law. "It is the dark side of Fujimori's program to perpetuate himself in power and to elect representatives he can manipulate and who will subordinate themselves to the executive branch's orders," she said.

The opposition political leader underscored the OAS decision to send a special mission to Peru to observe the electoral process and watch over the dialogue between the government and the opposition sector, headed by Maximo San Roman. The senator also reported that "government-managed" paramilitary groups are constantly sending death threats to APRA leaders. In the past few days, death threats have been painted on the walls of the Cabanillas, Armando Villanueva, Abel Salinas, and Jorge del Castillo residences. All of these individuals are members of the APRA National Executive Committees.

Cabanillas said: "Such intimidating actions clearly reflect the Fujimori government's fear of the APRA party, which is the current defender of democracy in Peru." She said former president Alan Garcia had gone underground since "democracy was interrupted" in the country on 5 April, because there is no guarantee for his life.

Interior Minister General Juan Briones, however, has stated that the charges made by the APRA leaders "are groundless and negatively affect the agreement to hold a dialogue between the government and the opposition."